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NEWS SUMMARY

GENERAL

Forgive Heath—Young Tories

Young Conservatives have publicly urged Mrs. Margaret Thatcher to bring Mr. Edward Heath and Mr. Peter Walker back into her team in preparation for the election.

The Young Conservative chairman, Mr. Chris Gent, said it would be tragic "if two such talented men were to languish on the sidelines as the party tries to wrest power from Labour."

Mr. Heath is expected tonight to open the door for a reconciliation with Mrs. Thatcher by declaring himself ready to play a major part in the election campaign.

Fear of peace talks deadlock

Israel fears that the proposed London meeting of Egyptian and Israeli Foreign Ministers may make no progress and leave the Middle East peace talks more hopelessly deadlocked than ever. Egypt will announce its latest peace proposals to-day and the meeting will go ahead if there are no preconditions attached. Meanwhile, President Sadat will meet Mr. Shimon Peres, Israeli opposition leader, in Vienna on Sunday. Page 4

Nkomo snub

Mr. John Davies, the shadow Foreign Secretary, appears to have failed to persuade Rhodesian Patriotic Front leader Mr. Joshua Nkomo to return to Salisbury and participate in the internal settlement. "I do not want to be part of an evil arrangement," Mr. Nkomo told him.

Ceasefire threat

Syria has demanded prompt action on some of Lebanon's internal political problems as a condition for its troops continuing to observe the precarious ceasefire. Page 4, Editorial Comment Page 16

Base denial

Vietnam has denied granting military base facilities to any foreign power but says it is prepared "for any eventualities that could arise" from its current quarrel with China. Page 3

Bomb blast

A London bookshop owned by Peace News was damaged yesterday and its assistant manager was burned in a parcel bomb attack. Anti-terrorist squad detectives are investigating.

Scott report

Department of Public Prosecutions has received a report on an alleged conspiracy to murder former male model Norman Scott. The report is believed to conclude that there is a prima facie case against four men.

Nastase ban

Ilie Nastase was fined $5,000 and suspended for three months for breaching the code of conduct at Grand Prix tennis tournaments. The news came minutes after he had been beaten by Mr. Tom Okker in the Wimbledon quarter-finals. Miss Virginia Wade goes through to the semi-final after beating Miss Mima Jausovec of Yugoslavia. Wimbledon, Page 8

Press charter

The proposed Press charter will include safeguards for the freedom of the Press, as well as dealing with the issue of the closed shop, Mr. Harold Walker, Employment Minister, told the Commons. He did not say when the draft charter would be published. Page 10

Briefly . . .

New Zealand abortion law has been amended to allow abortions where there is "substantial" risk of children being born with mental or physical handicaps.

Soviet defector Viktor Korchnoi fears Russian agents will kill him if he beats Anatoly Karpov in the world chess championship.

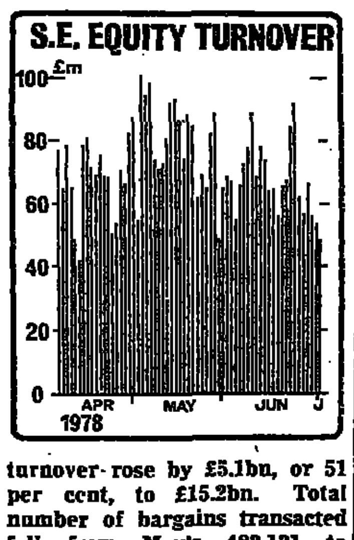
Lake District Special Planning Board is to oppose North West Water Authority plans to raise the level of Ennerdale Lake by four feet.

BUSINESS

Equities fall 5.0; £ rises 70 points

● EQUITY leaders fell over the prospect of growing opposition to the Government's attitude on pay in the next round after the National Union of Mineworkers vote for a 40 per cent increase. FT 30-Share Index fell 5.0 to 453.1.

● STOCK EXCHANGE business recovered last month to become the highest since October because of greater trade in Government securities. Overall



turnover rose by £5.1bn, or 51 per cent, to £15.2bn. Total number of bargains transacted fell from May's 483,131 to 456,129. FT Stock Exchange turnover index rose from 308.1 in May to 465.3. Page 26

● GILTS at the short end sustained several bouts of selling. Government Securities index fell 0.29 to 69.7.

● STERLING closed at $1.8745, up 70 points on the day. Its trade-weighted index fell to 61.4 (61.5); dollar fell to a record low of Y200.30 against the Japanese currency.

● GOLD rose $1 to $184¾.

● UK's RESERVES in June fell by $119m to $16.54bn. Back Page

● NORTH SEA oil is having an adverse impact on invisible exports, Sir Francis Sandilands, chairman of the Committee on Invisible Exports, said. Page 6

● GOVERNMENT is expected to sanction the £400m development of Mesa Petroleum's inshore Beatrice Field within the next few weeks. Page 6

LABOUR

● SIX-THOUSAND workers at Portsmouth dockyard held a one-day strike in support of a pay claim by industrial civil servants. Page 11

● ADVISORY, Conciliation and Arbitration Service offered help in the Press Association dispute where journalists are working to rule over a pay claim. Page 11

● CRUCIAL meeting between union and management over the serious pay problems at Westland Aircraft, Yoevil, is planned for today. Page 11

● OPENING of British Rail's hoverport at Dover was abandoned because of a pay parity dispute involving engineers. Page 11

● DISPUTES which have brought all Chrysler UK car assembly to a standstill threaten ambitious expansion plans submitted this week to the Government. Back Page

'Faster' pay rate of managers

● EXECUTIVE earnings are likely to show an increase at a relatively faster rate in stage three of the Government's pay policy than in previous years, according to Reward, the salary advisory service. Page 8

● PAN AMERICAN is conducting a new study of the possibility of using Concorde. Page 5

COMPANIES

● BATH AND PORTLAND GROUP profit for the half-year to April 30 was £2.05m (£1.88m). Page 18

● TESCO is to spend £100m on developments over the next three years to increase the company's sales area from 5.49m sq ft to more than 7m sq ft. Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Caledonian Cinemas	405	+ 20
...oro	174	+ 10
...otherm	166	+ 4
...shalls (Halifax)	107	+ 6
...ardo	173	+ 5
...ten Group	121	+ 5
...fall (H.)	225	+ 15
...e Caito	83	+ 8
...thrie	330	+ 18
...hlands	135	+ 10
...fontein	281	+ 15
...a Exploration	950	+ 50

FALLS

Treasury 8½pc 1982	£89¾	— ⅝
Treasury 13¼pc 1997	£102	— ½
Alexanders Discount	233	— 5
Barclays Bank	307	— 5
Bassett (G.)	120	— 13
Boots	200	— 5
Bulmer (H. P.)	122	— 6
Dale Elect.	155	— 7
Hunting Assc.	193	— 7
Lucas Inds.	295	— 7
Monk (A.)	89	— 4
Ocean Transport	105	— 4
Pilkington Bros.	528	— 6
Royal Insurance	347	— 6
Siebens (UK)	330	— 14
Northern Mining	94	— 10

UK still believes Bonn summit may agree on package

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Agreement on an economic, trade and energy package at the Western summit in Bonn in 10 days time is still regarded as feasible by the British Government, although only an understanding in principle is expected on moves towards currency stabilisation.

It is felt in London, as in other Western capitals, that the outcome is far from clear with the key issues of stimulating growth and stabilising currencies still to be resolved at the meeting of EEC Heads of Government in Bremen tomorrow and Friday and at the seven-nation summit in Bonn.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, told the European Parliament in Luxembourg yesterday that the EEC countries should reach agreement on a united position before the Bonn summit, and he emphasised the need for a medium-term policy rather than a short-term stimulus.

It is recognised, however, that Chancellor Helmut Schmidt of West Germany may not disclose his detailed position on any German stimulus until the summit.

The British Government appears to be cautiously optimistic that agreement can be reached on concerted action to boost growth rates, on avoiding protectionism and on improving capital flows to developing countries.

The main concern in Whitehall centres on German and French moves to achieve greater currency stabilisation in Europe.

The formal position is that Britain is actively interested but has a number of major qualifications. The British view is that there is little point in agreeing anything which cannot be maintained.

Both Mr. James Callaghan and Mr. Denis Healey, the Chancellor of the Exchequer, are reluctant to agree to changes which might be a major step towards economic and monetary union while sympathising with the need for greater currency stability.

Timetable

Yet they do not want to appear too negative and be isolated from Continental moves because of the possibility that France might link up on its own with the German-dominated snake.

The view in London is that the EEC Heads of Government, who will not be accompanied by Finance Ministers or central bank governors, will merely have a general discussion at Bremen and may make a declaration of principle and indicate a timetable.

This would leave the exact form of any stabilisation scheme to be examined in detail by Finance Ministers.

It is recognised that meetings of Heads of Government can be unpredictable, especially after the Copenhagen summit earlier this year when Chancellor Schmidt unexpectedly launched his currency plan.

The UK believes that any moves towards stabilisation should ensure symmetrical obligations between surplus and deficit countries, and not simply be a mechanism for depressing the value of the D-Mark.

Similarly, any plan should not prevent movements of currencies to reflect underlying inflation and current account trends, and should not restrain growth.

Any scheme should also be backed by adequate credit facilities from participants' reserves. The UK favours a physical transfer of resources from stronger to weaker economies.

The idea of adopting formal economic targets has now been shelved in view of German opposition, though it is hoped that plans for broadly-based action to boost overall EEC growth rates by 1½ per cent by the middle of 1979 will be endorsed at Bremen.

On trade, the UK thinks that

Continued on Back Page

Boyle increases in three parts

By Rupert Cornwell, Lobby Staff

THE GOVERNMENT has decided to implement over two years the controversial Boyle recommendations of large salary increases for top nationalised industry executives and other senior public servants.

The rises will come in three instalments: a first payment of 10 per cent backdated to January 1, 1978, in accordance with the current pay round; a further payment next April; and the remainder in April, 1980.

That means the bulk of the rises will be paid in the next two years so that, for example, the chairmen of the main nationalised industries such as gas, electricity and rail will only move up from £24,700, by 10 per cent, to £27,170 this year. They will then be due for about 25 per cent—£6,415—next year and again in 1980 to bring them up to the full recommended £40,000 a year.

Government hopes for continuing pay restraint received a setback yesterday when miners voted for rises of 40 per cent, giving face workers £110 a week. But it is thought the Government will produce a White Paper on the next stage of pay policy at the end of the month.
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Clearly such large increases might embarrass future Governments, if at some time a pay freeze were to be introduced. Yesterday, however, there was no sign of any contingency plans.

The Government will consider later the further suggestion that the proposed rates of pay be updated by the normal review process during the staging period. For pensions purposes the recommendations will be adopted in full at once.

The report, from the Top Salaries Review Board, headed by Lord Boyle, called for rises of up to 70 per cent or even more for some State Board chairmen—their first since 1972—and substantial increases for other groups of senior civil servants, Armed Forces officers and judges.

It was the subject of a painful wrangle in Cabinet before being accepted by the Government, and produced an immediate outcry from the Left, which warned that its endorsement would ruin any chance of a fresh understanding on pay with the unions. About 50 Labour MPs signed a House of Commons motion denouncing the rises as "an outrage."

But the Prime Minister told an emergency meeting of back-

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Prior promises to retain jobs subsidy

BY RICHARD EVANS, LOBBY EDITOR

THE CONSERVATIVES have no intention of immediately dismantling the temporary employment subsidy or repealing the controversial Employment Protection Act if they gain office at the next election, Mr. James Prior, Shadow Employment Secretary, told the Commons last night.

Mr. Prior and Sir Keith Joseph, the party's spokesman on industry, who also spoke, adopted a sautious approach on the policy a future Conservative administration would adopt towards industry.

Mr. Prior's soothing speech was particularly seignificant after Mr. Joe Gormley's outburst of trade union distrust towards the Tories at the miners' conference on Monday. Mr. Prior is still determined to present a conciliatory face towards the unions.

He has increased support among senior colleagues, including Mrs. Thatcher, for his attempts to prepar ethe party's defences against charges that a Conservative government could not work with th etrades unions.

Sir Keith softened his previous hard-line policies when he opened the Tories' debate on employment. Although he spoke of the need for fewer government controls and subsidies, he gave no specific pledges of action.

Mr. Prior, in contrast, went out of his way to declare that no hasty action would be taken by an incoming Tory Government. The temporary employment subsidy and other subsidies would be carefully examine dto assess their effectiveness but care would be necessary because of the effect on employment of withdrawal. "Now it is there we have to phase it out rather than end it suddenly," he declared.

Similarly, the Tory Government would consider the impact of employment protection legislation and there was "no question" of repealing the Act. No amendments would be introduced without the fullest consultation wit hthe trade unions, Mr. Prior added.

Rejection

But he did not understand the Government's rejection of criticisms of the Act in its effect on the employment of young people or on companies employing fewer than 50 people. Although he gave no firm commitment, he said the effects of the legislation on those two categories should be examined carefully.

The Conservative resolution condemning the Government's employment policies was rejected by 286 votes to 267: a government majority of 19.

Sir Keith promised that a future Conservative Government would introduce across the board income-tax cuts, fewer employment controls, and more incentives as the best means of stimulating the economy and cutting unemployment.

Monetarism, Sir Keith said, was not a complete policy. "It is indispensable but it is not enough," he declared.

It must be accompanied by much lower Government spending, by incentives, and by fewer controls, regulations and legislation.

Theme

His theme was taken up by Sir Geoffrey Howe, "shadow" Chancellor of the Exchequer, in a speech to industrialists in London last night. Sir Geoffrey emphasised that the election of a Conservative Government under Mrs. Thatcher would signify "a firm and decisive change of course for the British economy." Recovery would be based on free enterprise and the market economy.

The change of course would have four main components: tax cuts; removing the obstacles to enterprise; restoring the balance between the private sector and the level of public spending; and a common sense policy for pay, based on a return to responsible collective bargaining, free from Government interference.

Sir Geoffrey emphasised that action on tax would be given precedence. That would involve a cut in the basic rate of income tax, higher tax thresholds, a top rate of 60 per cent, reductions in the burdens of capital transfer tax, capital gains tax, and development land tax, and removal of the threat of a wealth tax.

In the Commons Sir Keith argued that high spending, high taxation and high borrowing must lead to high unemployment. The truth of that was being witnessed year after year as the Government vainly tried to cure high unemployment by more and more high spending.

Mr. Albert Booth, Employment Secretary, rejected the Conservative charges that Government policies were largely responsible for the level of unemployment. He argued the Government had encouraged enterprise on a massive scale.

It was the "doctrinaire blindfold" that would not allow Sir Keith to recognise support for industry in any form other than cuts in direct taxation, Mr. Booth declared.

Parliament, Page 10

£ in New York

—	July 5	Previous
Spot	$1.8665-8675	$1.8[illegible]
1 month	0.48-0.44 dis	0.50-0.44 dis
3 months	1.36-1.31 dis	1.37-1.31 dis
12 months	5.15-5.05 dis	5.20-5.0[illegible] dis

BSC chief sees little hope of improvement in demand

BY ROY HODSON

HOPE for an improvement in international steel demand during 1978-79 are fading, Sir Charles Villiers, chairman of British Steel Corporation, warned yesterday when announcing BSC losses of £443m last year.

There had been a fundamental shift in the environment for steel, he said in London. The current and prospective demand for most steel products had deteriorated and there was concern about the general economic prospects for 1979.

British Steel lost £25 a tonne last year on the 17.4m tonnes of liquid steel made. The poor market prospects for world steel made things particularly acute in Britain, said Sir Charles, because of the low rate of economic growth, cuts in public expenditure, and increased imports by some steel-users.

British Steel is taking a lead among European steelmakers to stiffen the plan drawn up by Viscount Davignon, EEC Commissioner for Industry for protecting and stabilising the European steel market in a similar fashion to the U.S. protective "trigger price" system.

Most companies — including British steel—have been breaking the Davignon agreements in various ways. "If orderly marketing is to continue, as I believe it should for a while, then the European agreements must be more rigorously applied," Sir Charles said.

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Gloomy prospects for international steel, Page 16
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British Steel accompanied its annual report with an estimate that the corporation will lose about £175m in the current half year before allowing for contingencies.

Sir Charles added: "Because of all the uncertainties I am unable to give any indication of the likely results beyond the first half of the current financial year."

The gloomy new forecasts for steel demand this year and next will force British Steel to seek union agreement for further closures of old works and will result in the postponement or abandonment of some new investment in the current £500m a year programme.

The intention is to hold steelmaking capacity at the present level of some 22m tonnes of manned and effective capacity. Approximately 1m tonnes of new capacity now under construction will be completed during each of the next four years. British Steel faces the problem of offsetting the additions with closures of old works.

Dollar under heavy pressure

BY MICHAEL BLANDEN

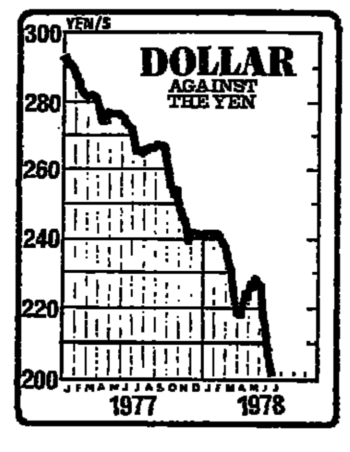
THE DOLLAR came under heavy pressure yesterday and, in spite of widespread official support, had one of its worst days on record against most leading currencies.

The Japanese yen came close to the psychologically important level of Y200 to the dollar, after slipping again in earlier Tokyo dealings.

With New York markets closed for Independence Day, exchange market dealings in Europe were unexpectedly hectic and showed signs of nervousness ahead of the EEC summit in Bremen.

At its lowest, the dollar touched Y200.30 in London trading. But it was thought that Japanese banks may have provided some support as agents for the Bank of Japan, and some dealers reported signs of profit-taking by speculators.

The U.S. currency picked up slightly to end at Y200.90, compared with the previous London close of Y202.30 and with Y201.32½ in Tokyo.



The dollar's weakness extended widely, with the Swiss franc attracting particular interest and rising to a new record level against the West German D-mark. The dollar ended at a closing low of SwFr 1.7990 compared with SwFr 1.8320 previously.

The D-mark reached a best level of DM 2.0440 to the dollar before closing at DM 2.0465, compared with DM 2.0625 on Monday. The French franc was also very strong, finishing at FFr 4.4250 to the dollar against FFr 4.4812½ previously.

The pound has remained on the sidelines of the currency unrest but continues to benefit from the weakness of the dollar. It closed with a gain of 70 points at $1.8745 — publication of the reserves figures had little impact — but its rise did not match the improvements of other currencies and the pound's trade-weighted index slipped to 61.4 against 61.5.

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FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Commercial banks linked in Bonn loan to Lisbon

BY MARY CAMPBELL

A WEST GERMAN loan of DM 420m ($200m) to Portugal was signed yesterday, in what is thought to be the first case of a Government-to-Government rescue package being channelled through the lending country's commercial banks.

The loan is being provided by a consortium of West German banks, mostly Länderbanken, headed by Westdeutsche Landesbank and Commerzbank. But it is guaranteed by West Germany and represents Bonn's share of the $750m rescue package which 14 Governments agreed last year to provide for Portugal as soon as the latter had signed a letter of intent to the International Monetary Fund.

The West German Governmen has guaranteed the loan to the extent of 95 per cent, the maximum permitted under German regulations.

German banking sources said yesterday that the rate of the loan is roughly the same as the federal Government would have to pay for funds of the same maturity—6.4 per cent for 10 years. There is a three-year grace period before repayments start.

It is understood that a $150m Eurocurrency loan which is also being arranged by Westdeutsche Landesbank and Commerzbank is scheduled for signing next week. It offers a 1 per cent margin over inter-bank rates. The maturity is seven years. The Eurocurrency loan is part of $500m which Portugal is hoping to raise from commercial banks on top of the Government $750m funding programme.

Co-operation between official institutions and commercial banks has been increasing in recent years. Gross default clauses in loans arranged in tandem by institutions like the World Bank and commercial banks are by no means uncommon. In cases of countries in difficulty, commercial banks have generally made it a condition of further lending that the country concerned should first reach agreement with the International Monetary Fund on a stabilisation programme.

However, this is thought to be the first occasion when the formula involving western government guarantees for commercial bank loans to countries in trouble has been used.

There have been suggestions that institutions like the World Bank and the International Monetary Fund could usefully develop a system of providing guarantees for commercial bank loans. Such a development could go far towards solving many of the problems which have arisen from the increase in the commercial banks' share of international funding for governments, whether for balance of payments finance, or for long-term development programmes.

In Portugal's case the DM 420m was promised to Lisbon by the German Government long ago.

The German banks participating in the loan are expected to fund themselves on the domestic market, probably by issuing savings bonds to the German public. On a five-year bond they would have to pay about 6 per cent at present.

Orders for W. German industry drop 1.5%

BY ADRIAN DICKS

BONN, July 4.

NEW ORDERS to West German industry declined by 1.5 per cent during May, according to provisional figures issued by the Economics Ministry today. Industrial output during the month also fell by 1.5 per cent from the April level.

The May figures are the latest that will be available to the West German Government before the imminent summit meetings with its partners, at which further efforts to persuade Bonn to reflate are inevitable.

The Germans have been saying for some months that they would need to wait for the full first half-year figures before being able to decide what measures, if any, needed to be taken. Yet the May orders and production statistics do little to make the overall direction of the economy any clearer.

Most worrying in the orders statistics is the sharp drop, of 2.7 per cent., in the index of new domestic orders, which suggests a further weakening in West German business confidence. For capital goods manufacturers, often seen as the most sensitive barometer of business opinion, the May orders level fell back after April's brief spurt to the same level as that for the first quarter—itself 10.5 per cent below the level for the fourth quarter of 1977.

Foreign orders for capital equipment picked up by some 3.1 per cent from April to May, yet were scarcely any higher in May than during the first quarter of the year. Compared to the fourth quarter of 1977 they were down by 8.7 per cent.

Perhaps surprisingly, in view of the general apprehension over the effects of a dearer Deutschemark on West German exports, new foreign orders for consumer goods, although down slightly from April to May, were still up by just under 3 per cent from the average for the last quarter of 1977.

The industrial output figures for May, meanwhile, appear to have been weighted downwards by a drop in the production of the building sector and of the mining industry during the month.

For manufacturing, the decline in output was only 0.8 per cent between April and May, and 1.7 per cent in May compared to the average for the fourth quarter of 1977. April output figures were adjusted slightly upwards from the provisional levels announced a month ago.

Greece, Turkey resume Aegean talks

By Our Foreign Staff

GREEK AND Turkish foreign ministry officials yesterday began two days of talks which are expected to concentrate on the two countries' disputes over rights to the sea bed and the air space in the Aegean Sea which divides them.

Also likely to be discussed is the proposal for a non-aggression pact which Mr. Constantine Karamanlis, the Greek Prime Minister repeated on June 7. His counterpart, Mr. Bulent Ecevit, has said this should be discussed within the framework of the countries' problems.

Yesterday's meeting had been agreed between Mr. Karamanlis and Mr. Ecevit when they met in Montreux in March. Originally due in May it had been postponed at Greek request after the heated public reaction in Greece to the U.S. Administration's attempts to persuade the U.S. Congress to lift its arms embargo on Turkey. The meeting is between Mr. Byron Theodoropoulos and Mr. Sukru Elekdag, secretaries general of the Greek and Turkish foreign ministries.

Since Montreux, relations between Greece and Turkey have been strained, partially as a result of Greece's objections to the Turkish side's proposals on Cyprus and partially because of Turkey's complaints at the way Greece has seemed to press for U.S. arms embargo to be maintained.

Human Rights report on Cyprus accuses Ankara

BY OUR FOREIGN STAFF

THE TURKISH FORCES which invaded Cyprus in 1974 are accused of violating six articles of the European Convention of Human Rights in a report prepared for the Council of Europe.

The report, which had been prepared by the Commission of the Council of Europe for Human Rights in Cyprus 1974, had been completed in June, 1976. It was then submitted to the Committee of Ministers of the Council but has not been accepted by this and had been kept secret until it was released in London yesterday.

The Friends of Cyprus, an organisation supporting the Greek Cypriots, released the text at a Press conference in the House of Lords. It had long been argued that giving publicity to the report would worsen the atmosphere between the two communities and hinder a settlement.

However, the Friends of Cyprus maintain that "no useful purpose would be served by withholding from the public" the contents of the report.

This concludes that there are "very strong indications . . in a substantial number of cases" that Turkey was guilty of what Article 2 of the Convention euphemistically refers to as "deprivation of life." It also finds the Turks guilty of breaking Article 8 of the Convention by refusing to allow 170,000 Greek Cypriots to return to their houses, and by evicting Greek Cypriots from their houses in the north.

It concludes that the confinement of Greek Cypriots to detention centres and private houses was an infringement of Article 5 of the Convention on deprivation of liberty. It states that the Turks were guilty of "inhuman treatment" of prisoners, accepting that rape and physical ill-treatment occurred. It also concludes that the large-scale deprivation of Greek Cypriots of their possessions and Turkey's failure to secure the rights and freedoms of the Greek Cypriots are contrary to the Convention.

The Turkish Government had refused to accept that Cyprus's complaint was admissible and refused to co-operate with the investigating commission. It also complains that there were continued Greek-Cypriot violations of Turkish-Cypriot rights in the past. The Turkish representative on the Commission makes such points in a dissenting report, stressing the "atrocities committed against members of the Turkish community, especially those isolated in enclaves in the summer of 1974."

Warning by Kreisky to West

By Reginald Dale, European Editor

WESTERN GOVERNMENTS should not think they could bring down Communist regimes by outside pressure, Dr. Bruno Kreisky, the Austrian Chancellor, warned in London yesterday. Nor was it any good hoping that Western human rights campaigns would wean Communist States from Communism and persuade them to discard essential elements of their political power systems.

Dr. Kreisky, in an address to the Royal Institute of International Affairs, noted that President Carter's more assertive stand on human rights had been answered by stronger Soviet emphasis on its ideological campaign against the West.

He did not, however, believe that Western pressure on human rights posed any dangers for detente—just as no danger for detente was implied by Communist efforts to prove to the world that their system was the best of all systems, while never concealing their intention of making the world "safe for Communism."

The most enthusiastic supporters of detente in Europe ought to be aware that there was no way of mitigating ideological differences between Communist and democratic States, Dr. Kreisky said. For the Soviet Union, detente did not apply to relations between classes and social groups and a combination of political and ideological concessions was out of the question.

It was equally unrealistic to hope, as some people did in the West, that Communists could possibly trade away Communism in exchange for huge loans.

Detente was not the consequence of sublime human insight but of the state of military balance, Dr. Kreisky said. Any shift in the balance would endanger detente, which did not permit any unilateral disarmament.

Changes inside Communist states must remain the affair of the peoples concerned, in Dr. Kreisky's view.

FISHERIES CONSERVATION

UK-Norway to co-operate

BY FAY GJESTER

OSLO, July 4.

BRITAIN AND NORWAY agree on the need for more effective enforcement of fisheries conservation measures within their respective waters, and will co-operate to achieve this, Mr. John Silkin, the British Minister of Agriculture, told a news conference in Oslo to-day.

Mr. Silkin who has been discussing fisheries matters in Oslo and Bergen with Mr. Jens Evensen, Norwegian Law of the Sea Minister, said it had been agreed that the two countries' enforcement and inspection services should work more closely together. Experts from the two countries would meet from time to time and he would soon be sending a team of officials from his department to Norway's Fisheries Directorate in Bergen.

The Minister said it was particularly important to ensure compliance with net size and by-catch regulations, especially by vessels carrying nets of different mesh sizes.

Commenting on the response to new British conservation moves announced yesterday, Mr. Silkin said that while Denmark's Fisheries Minister, Mr. Svend Jakobsen, had called them a provocation, the British Fishing Federation appeared to think that the measures did not go far enough.

Mr. Silkin recalled that the Danish Minister had felt originally that it was a provocation to ban fishing for North Sea herring. "He recognises now that this was necessary," Mr. Silkin said.

Any coastal State was entitled to adopt conservation measures in its waters if these conformed to three key requirements: being in accord with scientific evidence, being necessary, and being non-discriminatory.

To the charge that the new measures did not go far enough, Mr. Silkin said that they were the start and not the end of conservation measures which the Government had in mind.

Mr. Silkin confirmed that the question of compensating Norway for the catch it would lose as a result of the ban on herring fisheries off western Scotland (some 3,500 tonnes this year) had been discussed at the Oslo talks. But it was a matter which would have to be negotiated between Norway and Brussels.

Hilary Barnes reports from Copenhagen: Mr. Jakobsen, the Danish Fisheries Minister, said his Government had protested to the EEC Commission against the new British restrictions. Extension of the Norway pout box would hit Danish fisheries hard, reducing the catch of industrial fish by about 120,000 tonnes, or 10 per cent.

The ban on herring fisheries west of Scotland only affected a Danish quota of 300 tonnes this year, and the restrictions on bi-catches and net-mesh sizes had already been accepted by Denmark as part of the eight-nation EEC fisheries compromise in January.

But the restriction on bi-catches was conditional from the Danish side on Britain making no further changes in the pout box. As the box was due for discussion soon at a meeting of EEC Fisheries Ministers, the British restrictions were very clear provocation, Mr. Jakobsen said.

New Italian President still sought

By Dominick J. Coyle

ROME, July 4.

THE ITALIAN Parliament tonight moved mechanically through its ninth ballot to elect a new President of the Republic with the main political parties—principally the ruling Christian Democrats and the Communists—trying to avoid an overt bilateral deal which alone might produce a consensus candidate.

The balloting so far has been largely cosmetic, and also painfully slow, as those of the 1,011 members qualified to vote must personally walk past the ballot box to deposit their ballot or abstain. Abstentions and blank forms now exceed the numbers of those actually voting, as most of the centre-right parties wait for a private inter-party deal to emerge.

The last few ballots have put the veteran Communist, Sig. Giorgio Amendola, in front, but he has no real prospect of being elected and is being run by the Communists while the party leaders edge into some form of compromise agreement.

The entire process is being carried live on national television, which risks bringing the politicians into further disrepute. The politicians are therefore appearing frequently before the TV cameras to call for "responsible action" and "an end to partisan politics"

The Socialists, and to a lesser extent the Communists, accuse the Christian Democrats of dragging their feet and failing "to face up to their responsibilities" as the country's largest political force. The Christian Democrat response is that the Left-wing parties are trying to foist on them a lay candidate—in effect someone who is not a Christian Democrat—a compromise the party will not accept until the Socialists and the Communists publicly state they have no "ideological" opposition to a Christian Democrat.

Sig. Giovanni Leone, whose abrupt resignation from the Presidency earlier this month created the present problem, was elected in 1972 on the 23rd vote

Explosions rock Corsica

AJACCIO, July 4.

Corsican separatists to-day claimed responsibility for a series of bomb attacks on the island last night.

Bombers hit a wide variety of targets, from a police station to a dance studio, in a gesture of defiance against French authority.

The 34 explosions, mostly in Ajaccio and the town of Bastia in Northern Corsica, caused heavy damage. But the bombers of the Corsican National Liberation Front were careful to avoid putting lives at risk, and there were no casualties.

Leaflets which appeared in Bastia to-day said: "We chose targets that represented the presence of French colonialism in Corsica. Our struggle is one of self-defence, and we will conduct it to the end.

The separatists struck at the height of the tourist season. More than 1m tourists are estimated to be visiting Corsica this sumumer.

Condemning the attacks, M. Charles Ornano, the Mayor of Ajaccio, said "This could have the most serious effects, coming at is does at the beginning of the tourist season."

Police in Brittany continued to question eight Breton separatists arrested in connection with a bomb blast which wrecked a wing of the Palace of Versailles last week.

A senior police officer in Rennes, said the eight had been planning to follow up the Versailles attack by attempting to place a bomb in the ultra-modern Pompidou Arts Centre in Paris.

Reuter

French arsenal strike over

By Our Own Correspondent

PARIS, July 4.

WORKERS AT the French Government's munitions plants and naval dockyards where according to unions 60,000 have been on strike over comparative pay conditions, went back to their jobs this morning.

The main arsenals all voted for a return to work after the Governments' offer of a 3.3 per cent pay rise, an end to regional differentials and a pledge to maintain employment levels. At Brest, however, where the strike broke out three weeks ago, a big minority of over 40 per cent wanted to continue the strike in favour of a recently-abandoned pay system which gave them parity with metalworkers in the Paris region.

Iceland parties in coalition bid

By Jan H. Magnusson

REYKJAVIK, July 4.

PRELIMINARY TALKS between the leaders of the Social Democratic party and the Communist-influenced People's Alliance, in preparation for forming a new coalition Government in Iceland, began in earnest here today. The two left-wing parties will try to formulate a joint government policy before asking either the centre-right Independent party or the middle-of-the-road Progressive party to join a coalition Cabinet.

The two parties have between them 28 of the 60 seats in the Althing (parliament), four short of a clear majority. Together they won a clear victory over the present Government in the June parliamentary elections.

Iceland's President, Dr. Kristjan Eldjarn, will wait a few more days before formally asking the leader of the Social Democrats, Mr. Benedikt Grondal, to head the next Government.

EEC election dates approved

LUXEMBOURG, July 4.

THE COMMON Market's Parliamentary Assembly today formally approved polling dates for next year's direct elections in which 180m Europeans will vote.

Elections will take place in the nine member states between June 7 and 10, and will more than double the size of the Assembly from 198 to 410 members.

Polling will take place on different days to conform with national voting habits. The French always vote on Sundays and the British on Thursdays.

The dates were laid down by an EEC summit in April, but have to be approved by the Parliamentary Assembly and the Council of Ministers before preparations begin.

Reuter

Czechs expel TV newsman

PRAGUE, July 4.

HELMUT CLEMENS, correspondent of West Germany's Association of Television and Radio Companies was today ordered to leave Czechslovakia within 48 hours, his wife said.

Mrs. Clemens said her husband was called to the Press Department of the Czechoslovak Foreign Ministry this morning and told that his accreditation was being withdrawn because of a television programme he was preparing about events in Czechoslovakia in 1968.

Reuter

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EUROPEAN NEWS

EST GERMANY'S SOARING LABOUR COSTS

Fringe benefits increase burden of pay rises

BY GUY HAWTIN IN FRANKFURT

E WEST GERMAN labour e has won an international ıtation for moderation and ility that stands in curious aposition to the very high l of labour costs that the ıtry's employers have to t. Indeed, in many vital istries, labour costs in the eral Republic are the highest he world.

ıis week foreign business-, who so often enviously eye West German strike statistics, take useful instruction from F, the West German nical giant, which has just luced its "personnel and al report for 1977." It clearly vs that hourly labour costs in Federal Republic were last running way ahead of those

> e costs of the many ıge benefits that West rman workers enjoy ıolidays, bonuses, ns, housing—have en far faster than ect wages since 1972.

s leading EEC partners and also considerably higher the rates U.S. industry has ear.

ı international comparison of age labour costs for 1977 uced with the report puts average West German hourly ur cost at DM18.92 ($9.13). U.S. comes next with a cost M17.76 ($8.57), while France s way behind with DM12.23 0).

ıe Italian hourly labour cost unts to DM 11.83 ($5.71), e Japan, one of West Ger-y's most aggressive competi- in many important sectors, s a cost of DM 10.57 ($5.10). perhaps ironic that in Bri- where so many indus-ists complain of industrial st and high wages, the ly labour cost amounts to mparatively small DM 8.09 0) per hour.

est Germany has had much s labour cost problems thrust ı it in the form of the steady ard movement of the tsche Mark over the current de. Since 1972, its value has ased by some 45 per cent in parison with the dollar.

ıs an ill wind that blows ıdy any harm, however, and t Germany's international rting competitors have eared to suffer more from devaluation than the Federal Republic has from the Mark's constant upward revaluation. The increase in the Mark's value has greatly restrained the rise in the cost of West German imports, thus making a major contribution to the country's creditably low rate of inflation. At the same time, the country's industry has had the benefit of interest rates that are extremely low by current international standards.

Even so, hourly labour costs have risen hugely. The BASF report shows that, in 1971, hourly labour costs stood at DM 16.46, but since then have moved inexorably upwards. In 1972, they reached DM 19.32, in 1973 DM 21.02 and in 1974 DM 28.20. After a dip to DM 26.05 in 1976—a very poor year for the chemical industry, during which much rationalisation took place—they went up to DM 29.03 in 1976, and by 1977 had reached DM 29.66—$14.31 per hour.

From this, one can draw the conclusion that West German employers are not as tough as had been thought, or that the trade unions are more prepared to show their teeth than many foreigners assume. There is some truth in both statements. As reported in the West German press, the level of wage demands looks reasonably moderate to foreigners, while the level of the settlements seems even more impressive. Few businessmen in France, Britain or Scandinavia would not be content this year to settle for annual pay increases of between 4 and 4.5 per cent.

Pay increases, however, are only part of the picture. The costs of settlements are driven up considerably by improvements in the many fringe benefits that West German workers enjoy, such as holidays, holiday bonuses, savings schemes to which the employer contributes, low-priced housing, and cheap home-loans. Since 1972, these costs have risen far faster than direct wages.

BASF's index of these "social costs" provide a stark illustration of this. The wage-cost index (1972 = 100) rose by the end of 1977 to around the 155 mark, while the index of "social costs" went up to well over 190.

According to the BASF report, for every DM100 paid in pure wages for work carried out last year, it had to spend a further DM95.1 in supplementary personnel costs—fringe benefits. Indeed, in 1977 BASF was fortunate, for in the previous three years social benefits worked out on this basis cost more than real wages. In 1974, they accounted for DM101 over and above every DM100 in pure wages; in 1975 the figure was DM101.9; and in 1976 DM102.

In cash terms the value of the fringe benefits can be assessed from the calculation that, at its average hourly labour cost of just under DM30, a 22-day working month would cost the company some DM5,280 ($2,547) per worker, if each worked an eight-hour day. On the other hand, only some 55 per cent of BASF's workers earned more than DM3,000 monthly in cash wages last year—though this figure is rather understated inasmuch as the vast proportion of West German workers are paid at

> For employers, improved fringe benefits used to be a reasonably cheap way to sweeten hard settlements. Now these 'social costs' have become a back-breaking burden.

least 13 months' wages every year and many now get paid for a 14th month. BASF is no exception to the general rule.

The practice of providing workers with handsome fringe benefits is long established in West Germany, and its roots are set in the 19th century liberal capitalist tradition. Only a few years ago when fringe benefits accounted for some 25 per cent of total labour costs, an improvement in this area was a reasonably cheap way for the employers to sweeten hard settlements. Now the social costs have become a back-breaking burden. For the country's trade unions, faced with the need to avoid rocking a fragile coalition Government in which the Social Democrats are the senior partners, improvements in fringe benefits have been a useful way of pushing up the value of a settlement without causing political difficulties. Therefore, they have frequently pressed hard on this front.

It is difficult to say whether this is a particularly popular policy with their membership. Rumblings of discontent have been heard in a number of large unions, including the chemical workers and the metal workers.

Minister murdered in Soviet Republic

MOSCOW, July 4.

A PRISON officer assassinated the interior minister of the Soviet Republic of Azerbaijan, a deputy minister and an aide, then shot himself, a ministry spokesman said today.

He named the assassin only as a man named Muratov, born in 1949, head of a prison administrative section in the town of Shusha, 60 kilometres (40 miles) from the republic's border with Iran.

The minister, Lieutenant-General Arif Geidarov, 52, who served with the KGB security police for more than 25 years, was shot dead in his office last Thursday, he said.

The spokesman, who was speaking on behalf of first deputy interior minister Vasily Vysochenko, declined to discuss Muratov's motives with western correspondents who contacted him from Moscow by telephone.

The spokesman named the other victims as deputy interior minister Saladin Kyazimov and Lieutenant-Colonel Aziz Sfikhanov.

Foreign travellers returning to Moscow from the republic, south of the Caucasus mountains said earlier they were told the two others were only wounded by the assassin, while Lieutenant-General Geidarov was killed outright.

The ministry spokesman said all three officials were being buried today in Baku, capital of the republic.

The official obituary in Azerbaijan's main newspaper, Bakinsky Rabochy, said only that Lieutenant-General Geidarov had "died tragically while carrying out his official duties."

Mr. Vysochenko said earlier today that a commission had been set up to investigate the death of the minister.

The official obituary was signed by Semyon Tsvigun, one of the present deputy chiefs of the KGB, and the republic's Communist Party chief, Geidar Aliyev, himself a former KGB official.

Soviet Azerbaijan has frequently been criticised by party leaders for corruption, indiscipline and economic inefficiency. Most of its population are Azerbaijanis but there are sizeable Russian and Armenian minorities.

● The Soviet Communist Party's policy-making Central Committee today ended a two-day session which left the line-up of the ageing top Kremlin leadership unchanged. Reuter

OVERSEAS NEWS

Japanese Government lifts foreign development aid

BY ROBERT WOOD

TOKYO, July 4.

JAPAN'S OFFICIAL development aid rose 28.9 per cent on a dollar basis last year, but gained only very marginally as a percentage of Gross National Product—rising from 0.20 to 0.21 per cent.

Japan has promised to double her foreign aid in three years, although she has never specified what is the base year for the pledge. On a yen basis its aid last year rose only 17 per cent.

Japan is the third largest foreign aid donor in the Organisation of Economic Co-operation and development after the United States and France, but with aid now equalling 0.21 per cent of GNP, it ranks among the lowest in the OECD in aid effort.

However, aid commitments last year showed a larger rise than disbursements, indicating Japan is moving toward fulfilling her pledge. They rose 76 per cent on a dollar basis and 59 per cent on a yen basis to 0.38 per cent of GNP.

The grant element in those commitments declined from 74.9 per cent to 70.2 per cent, also one of the lowest figures in the OECD.

A Foreign Ministry official said the grant element declined because loan commitments rose faster than grant commitments. Loans can be financed with future appropriations but grants must be financed from current appropriations The official said the grant element would probably increase this year.

Japanese statistics prepared for the OECD also showed that Japanese export credits of over one year to developing nations increased by more than 2½ times last year to $1.995bn. The Japanese Government financed $1.08bn in export credits and private sources $913m.

Direct Japanese investments, however, declined by 38.6 per cent to $1.144bn.

Japan's actual disbursements for official development aid last year were $1.424bn. That included $236.7m in grants (up 28 per cent), $662.6bn in loans (up 16 per cent), and $525.2bn in aid to multilateral agencies (up 49 per cent).

Court win for Indian sect

NEW DELHI, July 4.

A MURDER conviction against the founder of the Anada Marga (Path of Bliss) sect, which claims a worldwide following of 5m, was set aside today and his immediate release was ordered, the Press Trust of India reported.

The Patna High Court also freed four other members of the sect sentenced to life imprisonment with their leader for the killing of six defectors from the movement.

Prabhat Ranjan Sarkar, 57, the sect leader—a former journalist and railway clerk—has been in jail since 1971 in Patna, capital of the north-eastern state of Bihar.

The appeal decision followed years of sometimes violent agitation by sect members, who claimed the charges against him were trumped up and that he did not get a fair trial.

The campaign included attacks against Indian diplomatic staff and property in Australia, Britain and other countries.

Two judges of the Patna High Court, who heard the appeal, held that the prosecution had failed to substantiate the charges beyond reasonable doubt. Reuter

Vietnamese denial of allegation over bases

By Richard Nations

BANGKOK, July 4.

MR. PHAN HIEN, Vietnam's Deputy Foreign Minister, who has begun a tour of Asian countries, today denied that his Government had granted military base facilities to any foreign power. But he said that Vietnam would nonetheless "be prepared for any eventualities that could arise."

Mr. Hien's statement is the highest level refutation so far issued by Hanoi's leadership in response to Peking's recent charge that the Vietnamese had granted the Soviet Union military facilities.

The Deputy Foreign Minister was in Thailand to explain to Thai officials Vietnam's position on its conflicts with China and Cambodia. He departed for Tokyo on the second leg of a tour which will carry him from Japan to Australia, New Zealand and possibly Singapore.

In a separate development, well informed sources here say that last week's reports of a large-scale Vietnamese invasion of Cambodia involving up to 80,000 troops which penetrated 60 km into the interior were almost certainly exaggerated.

Himalayas to acquire Alpine flavour

BY SUE MORROW LOCKWOOD IN KATMANDU

THE NEPALESE Government has major new plans for the rocky Alpine meadows, rough trails and picturesque Sherpa villages below Mount Everest's well-trodden summit. It is eagerly looking for bilateral funding to implement a $200,000 World Bank-financed study which should, at a total cost of $2.25m, put the Khumbu region on the road to becoming a Himalayan version of the modern Alps. But there have been protests from conservationists who warn against growing deforestation, trash and water pollution, food shortages, inflation and irreversible cultural upheaval.

Government policy, according to Dr. Harka Gurung, the Minister of Tourism, is primarily concerned with aid to remote areas—and maximum encouragement of tourism. He believes that the economic benefits outweigh the social side effects. But what kind of future will tourism bring when the Khumbu is already said to be straining under the influx of tourists which has grown from 200 in 1972 to 6,000 last year—triple the local population?

Sherpa society changed drastically after the 1956 Chinese take-over of Tibet. The Sherpas suddenly found that their ancient trading routes between India and Tibet were closed. Refugees were sharing the food that had been barely sufficient before they arrived, and the Nepalese Government began to take a serious interest in its border regions. With only one grain crop a year, agriculture offered few solutions outside the well-established traditions of cattle and yak herding, so catering to expeditions and later to trekkers became the community's main source of income.

Some social changes were bound to come with time. But the Sherpas are not a primitive society easily overwhelmed by the lures of the Western world. The young Sherpa may wear down-jackets and Milwaukee Saturday night bowling league T-shirts acquired from trekkers or climbers, but his is a strong, clannish, sophisticated and undeniably opportunist society.

More serious, in the eyes of some, are the problems of deforestation and erosion. Tourists add substantially to the already serious water pollution caused by cattle and humans. The unavoidable heaps of tin cans, packing boxes and rubbish from trekkers and expeditions follows the trails in pollution swathes from camp to camp since porters are loath to take on the low-caste job of hauling out rubbish. But it does not devastate the region in the way the loss of forests does.

Khumbu's forestry problems began in 1957 when the government nationalised forests throughout the country. At the time, the Sherpas maintained a system of forest and pasture land guardians who carefully controlled the community's natural resources. As the sense of responsibility and pride that protected the forests and pastures died in the face of bureaucracy, growing tourism contributed the final blow. Heavy firewood demands from mountaineering expeditions and trekkers were met and as the forests were cut down and the unprotected pastures were overgrazed, wildlife disappeared and erosion and landslides increased rapidly.

There are now plans for hotels, 19 helicopter pads (although the report complains of noise), picnic grounds, restaurants, 33 greenhouses for lettuce and tomatoes, lodges and camping grounds to accommodate between 50 and 100 trekkers each night. Even Tengboche Monastery is no longer sacrosanct and its "wide and beautiful lawn can be beautifully managed for a campsite, picnic ground, as well as playground."

But in many mountain areas, the average per capita income remains low, and the infant mortality rate is unofficially estimated to take 70 per cent of all under fives, as opposed to the national rate of 40 per cent. For these gentle people tourism may hold a whole new lease on life for generations to come.

OVERSEAS NEWS

Israel fears London talks could worsen the deadlock

BY DAVID LENNON

TEL AVIV, July 4.

ISRAEL believes that the proposed meeting of the Egyptian and Israeli Foreign Ministers in London may fail to make an progress, become an excuse for increased U.S. pressure on Jerusalem." and leave the peace negotiations more hopelessly dealocked than at present.

But officials in the Foreign Ministry say they feel that the meeting will take place later this month, provided no preconditions are set by the Egyptians.

Israel is concerned that the Egyptian peace plan, which was due to be delivered to Jerusalem today, may call for an Israeli withdrawal from the West Bank and Gaza Strip before discussions are held on the security arrangements.

That would be regarded by Israel as a precondition. Because of this Mr. Menahem Begin, the Israeli Prime Minister, has said that although he would like the Foreign Ministers to meet he has to have a chance to study the Egyptian proposals before taking a final decision about the meeting.

Mr. Moshe Dayan, the Foreign Minister, is prepared to attend if the meeting is held to discuss the Israeli and Egyptian peace plans. If the talks are presented as preparation for reconvening the Geneva peace conference, that would require Cabinet approval before Israel could accept the American invitation.

Mr. Begin is expected to discuss the Egyptian plan with his Cabinet and may issue a response before sending the Foreign Minister to London.

Mr. Dayan said today that he was opposed to a meeting in Austria next week between President Sadat and Mr. Shimon Peres, the leader of the Israeli opposition. The Foreign Minister told the Knesset Foreign Affairs and Defence Committee that negotiations should only be conducted by the Government. He felt the Prime Minister was wrong to approve the Peres-Sadat meeting.

Lebanese Right says Syrians should go

By Ihsan Hijazi

BEIRUT, July 4.

MR. CAMILLE CHAMOUN, head of one of Lebanon's leading Right-wing parties, said today that the Syrian role in Lebanon had ended and that Syrian troops should leave forthwith. Mr. Chamoun, who is president of the National Liberal Party, said in a radio interview that political parties could take over security duties.

The Beirut ceasefire again broke down this afternoon with heavy shelling between Syrian troops and Right-wing forces in the eastern quarter of Ashrafiyah, Beirut's main Christian district. Voice of Lebanon Radio, the Right-wing Phalangist station, reported that shooting had broken out after an exlosion. The radio said a large number of shells and rockets were falling on Ashrafiyah.

The radio said several buildings had caught fire. Thirty-four shells had fallen on Ashrafiyah, and artillery was also blasting the port area, the central commercial district and Ain Rummaneh, the southern suburb where the clashes began on Saturday.

The radio broadcast an appeal by the Lebanese Front, an alliance of right-wing forces, to the Vatican, France, the Soviet Union, the U.S. and "all civilised countries." The front said those who had been installed as custodians under Arab summit resolutions were "the ones launching the attack . . . aimed at annihilating Lebanon's free society."

The left-wing radio, the Voice of Arab Lebanon, blamed the Right for starting the fresh outbreak of fighting. It said two men were earlier killed by snipers in the commercial sector. Two shells also fell in Moslem-dominated west Beirut, but no casualties were reported.

Earlier a hush settled over east Beirut after three days of heavy fighting in which more than 100 people were reported killed. Guns which had blasted the Christian half of the city fell silent last night after a ceasefire agreement between the commanders of Syrian troops and right-wing Lebanese militias.

The accord, broadcast by the Phalangist radio, was the second since the two sides began attacking each other, and hundreds of civilians caught in the crossfire, with heavy weapons.

Hospital sources said most of the casualties had been civilians, many of them young children with severe shrapnel wounds.

Rhodesia policy supported

By Philip Rawstorne

LUXEMBOURG, July 4.

THE BRITISH Government's policy towards Rhodesia was given the firm backing of the EEC Council of Ministers here today.

Herr Hans Dietrich Genscher, the West German Foreign Minister and President of the Council, said the British plan for involving all the parties in a settlement offered the best-hopes of a peaceful soltion.

Facing strong pressure from British Conservatives for the endorsement of the internal settlement, Herr Genscher said that only free elections in Rhodesia could decide who represented the real democratic forces in the country, and who would be its leaders after independence.

Earlier today, the Rev. N. Sithole, a member of the Rhodesian transitional Government, said the door was still open for Mr. Joshua Nkomo, the Patriotic Front leader, to participate in the internal settlement.

Mr. Sithole, here as a guest of the European Conservative group, said that Mr. Nkomo could join the transitional Government immediately, but wanted to return to Rhodesia as the "No. 1 man."

The agreement with Mr. Ian Smith, said Mr. Sithole, was now irreversible. Independence on the basis of black majority government through free elections was guaranteed.

"A miracle has happened, but some people refuse to believe in miracles," he said.

Referring to the Anglo-American proposals, Mr. Sithole said that some people would like to superimpose external solutions on external leaders. "We say the right to choose leaders belongs to the people."

Tory appeal rejected by Nkomo

By Our Own Correspondent

LUSAKA, July 4.

MR. JOHN DAVIES, the Shadow Foreign Secretary, appeared today to have failed in an attempt to persuade Mr. Joshua Nkomo, the Rhodesian nationalist, to return to Salisbury and participate in the internal settlement.

Mr. Davies, often criticised in Lusaka for his support of the internal accord between Mr. Ian Smith, the Prime Minister, and moderate black leaders, met Mr. Nkomo for an hour this morning following talks with President Kenneth Kaunda last night. The Conservative politician arrived yesterday from London on a fact-finding mission intended to formulate Opposition policy in time for general elections.

Mr. Davies said before leaving for Johannesburg and Salisbury that he had urged Mr. Nkomo to "face up to the people concerned" and return to Salisbury. Mr. Nkomo was a "key figure" and could have the internal agreement amended if he returned, Mr. Davies said. "It is still possible to reach a peaceful settlement. War is not the only way," he said.

His appeal appeared to have fallen on stony ground. "I do not want to be part of an evil arrangement," Mr. Nkomo said.

The war would be continued until the Salisbury Government acknowledged defeat, Mr. Nkomo said. "We shall continue the war until they talk. More than 95 per cent. of the country is in our hands and we will decide when to take the towns," he said, apparently taking credit not only for his own ZAPU forces but also for the Mozambique-based ZANU army of Mr. Robert Mugabe, which is credited with doing most of the fighting.

S. Yemeni villages 'recaptured'

By Our Foreign Staff

SOUTH YEMEN troops have recaptured two border villages alleged to have been seized by soldiers of North Yemen, the pro-Aden Lebanese newspaper As-Safir said in Beirut yesterday. North Yemen has denied occupying the villages.

Aden's Communications Minister, Mahmoud Oshaish, claimed in Beirut on Monday that North Yemeni forces had seized the villages and begun shelling a border area.

North Yemen has blamed last month's murder of its president on South Yemeni leaders. His death was followed by fighting in Aden and the overthrow and execution of the Southern President.

North Yemen's Development Minister, Mohammed Salem Basendwa, said the fighting in South Yemen was between supporters of the late President and forces of the ruling Marxist National Front, the official Emirates News Agency reported in Abu Dhabi.

Accusations against North Yemen were aimed at covering up the fighting between the two groups, the Minister said.

South Yemen yesterday hit back at the 16 Arab League States which decided to freeze diplomatic relations with it.

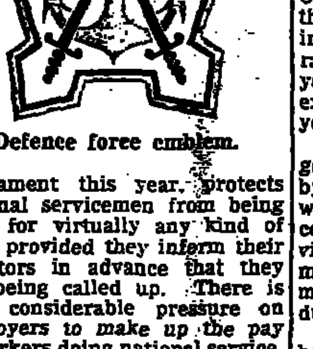
The official Aden News Agency said the move was bound to damage attempts to strengthen Arab solidarity and shatter efforts to confront Israel's occupation of Arab territory.

It said the Arab League deliberately ignored South Yemen's condemnation of the murder of North Yemen's leader and chose to follow a campaign of slander against it.

Agencies

SOUTH AFRICA'S MILITARY BUILD-UP

Mobilisation means a change of life-style in white society



Defence force emblem.

BY BERNARD SIMON IN JOHANNESBURG

MOST WHITE South Africans still feel far removed from the bloodshed in northern Namibia and the black urban townships. But from a psychological and economic point of view, the growing militarisation of South African society is a sad reality.

A trebling of the defence budget since 1973, an extension last year of the compulsory call-up for school-leavers from 12 months to 24 and a constant stream of defence-oriented propaganda from state-controlled radio and TV are some of the factors which are bringing the trappings of war into the homes of Johannesburg, Cape Town and Pretoria suburbanites, not to mention the farms near the Mozambique and Rhodesian borders.

It is no secret that many of the 41,000 emigrants of the past two years have left because of their reluctance to see fathers and sons caught up in the Vorster Government's expanding defence machine.

The increasing acceptance of the military build-up as a fact of life is reflected in the most everyday occurrences. A central Johannesburg bakery displays in its window a birthday cake (in the shape of a tank—"Congratulations—Happy Birthday," reads the icing. The manager of a leading toy shop reports that sales of war games have zoomed up 500 per cent in the past year, while there is strong demand for toy machine guns, model tanks and helicopters. A recent public appeal by the Defence Force for dogs for its dog training school brought in over 200 offers.

The most tangible sign of the growing militarisation of South Africa is the steady extension of the draft. Since compulsory military training for white youngsters was introduced in the mid-1960s, the call-up period has lengthened from nine months to a year to the present two years. After completing his basic training, each conscript is also obliged to attend regular camps totalling 240 days, as well as occasional afternoon and evening parades. All able-bodied men remain on the national reserve until their 65th birthday.

Though no official figures on the total strength of the Defence Force are disclosed, there is no doubt that it has become one of the country's biggest employers.

Nearly 60,000 civilians were drafted last year, while applications to join the permanent force have soared by almost 80 per cent in the past three years. Mr. P. W. Botha, the Minister of Defence, announced last year that he aims to raise the proportion of full-time soldiers from 16 per cent of the armed forces to about 30 per cent.

In addition, more than 13,000 people work for the Armaments Development Corporation (Armscor) and its munitions-producing subsidiaries.

Immigrants are also being drawn into the defence net. Following repeated calls at National Party congresses for the compulsory call-up to be extended to new settlers, Parliament this year approved a law which provides that any young alien who has not adopted South African citizenship within two years of becoming eligible for it, is automatically naturalised, and thus liable for military service. Any immigrant who refuses to become a South African in this way forfeits his permanent residence rights.

Not that foreigners have been particularly tardy in joining up. In the past eight years over 100,000 immigrants have registered for national service. And last year a group of 300 Germans asked the Defence Force to recognise them as a special "ethnic" unit. Their leader claimed that Greek, French, Portuguese, Italian, Spanish, Swiss, Yugoslav and British groups were interested in doing the same. The proposal was turned down as being too "elitist."

Growing numbers of women are being enlisted while even schoolchildren are increasingly being drawn into para-military activities. Since the Army Women's College opened in George (east of Cape Town) in 1971, about 150 girls a year have been trained there. Last year the annual intake has more than trebled to 500. In January, for the first time, women registered as undergraduates at the military academy at Saldanha Bay, near Cape Town. And the Defence Force will soon launch a drive to recruit female dancers, singers and cabaret artistes to the permanent force to entertain "the boys on the border."

As for the schools, Mr. Botha revealed last year that he intended doubling the number of cadets from the existing 150,000.

Many boys also undergo cadet training during school hoildays, while school cadet groups are being affiliated to permanent and citizen force regiments. In addition, a subject known as "youth preparedness," which has a heavy para-military bias, is taught in most schools.

Although military service is not compulsory for non-whites, the South African defence force is following the Rhodesian example by encouraging Coloureds (people of mixed race) Asiatics and Africans to join the armed forces. "South Africa cannot be defended by the whites alone," Mr. Botha has said.

Between 15 and 20 per cent of the South African forces in Namibia are black, and a major recruiting drive among blacks is planned. The Government says it intends making greater use of black soldiers, pointing for instance to the fact that, this year for the first time, a Coloured man reached the rank of army captain and theoretically he has the same authority as a white officer. Coloureds, however, serve in their own, separate units.

Inevitably, the business community has also become increasingly involved in the war effort. In 1976 Armscor concluded about 25,000 contracts with private sector suppliers. It was estimated then that some 1,200 companies were involved in some way in armaments production, and that 400 of them relied to a significant extent on defence work. The men from the ministry have felt increasingly obliged to direct production in private factories. In late 1975, for instance, they stepped in to supervise the manufacture of army tents.

The threat of economic sanctions has put new emphasis on import replacement, particularly in such strategic sectors as energy (especially oil), electronics and pharmaceutical industries. Many more businessmen have been asked by the Government to stockpile essential imports, and Pretoria is prepared to help finance these stocks.

Not surprisingly, the state-controlled radio and TV services have played a key role in the militarisation of the population. Defence-related issues are given much prominence on news and documentary programmes. For example, a recent army manoeuvre in the western Transvaal was the main item on the national news, and speeches by senior Defence Force officers are extensively reported. Even request programmes for the men in uniform now take up almost seven hours of broadcast time each week, compared to just over one hour a few years ago.

Meanwhile, the authorities are doing their best to improve the quality of life of the country's soldiers, sailors and airmen, even if this means granting them privileges which civilians do not share. The Moratorium Amendment Act, which was passed by parliament this year, protects national servicemen from being sued for virtually any kind of debt, provided they inform their creditors in advance that they are being called up. There is also considerable pressure on employers to make up the pay of workers doing national service.

A number of hotels give special discounts to wounded soldiers and their families, while men in uniform are allowed to travel free on certain forms of public transport. The army is currently planning operation safe ride, a project to make hitch-hiking safer and more comfortable for national servicemen.

The stage has been reached where concern for national security even overrides some of the Afrikaners' most basic moral and religious precepts.

For years the Nationalist Government has stoutly resisted the legalisation of any form of gambling, other than horse racing. However, much to most people's surprise (and the Dutch reformed churches' disgust), a national lottery was sanctioned last year to augment the Government's defence budget. Since the first Defence Bonus Bonds were sold to the Prime Minister last October, the public has pitched in over R33m.

In addition, local authorities, universities, sports clubs, businesses (Barclays Bank being the best known example) and individuals have spent some R240m on National Defence Bonds (which are normal fixed interest investments) since sales started in July 1976.

Perhaps the most chilling reminder that "Mr. White South African" is ready for a fight is the alarming increase in gun sales in recent years.

At the end of 1977, some 725,000 people were licensed to carry firearms. No fewer than 150,000 applied for their licences last year. With the gun market booming and the international arms boycott threatening to cut off imported supplies, it's not surprising that five local firms are starting to manufacture light guns.

Clearly, as Johannesburg's Financial Mail put it last week, "With the days of minority rule in Rhodesia and South West Africa rapidly drawing to a close, South Africa is now digging in for the white man's last stand."

AMERICAN NEWS

U.S. SUPREME COURT AND REVERSE DISCRIMINATION

Support for women and blacks

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, July 4.

IN THE wake of its historic ruling on the Bakke reverse discrimination case last week, the Supreme Court has given further significant support to programmes which seek to remedy the consequences of past racial and sexual prejudice.

The most important of several adjudications by the court yesterday was that which upheld the affirmative action policies of American Telephone and Telegraph (AT & T), which are designed to increase the hiring of blacks and women.

The AT & T programme, worked out as a consent decree with the Government in 1973, does set, inter alia, various quota levels for employment of women and blacks, as well as goods and timetables for the hiring, training and promotion of minority group members and women.

It even provides that, if an intermediate employment or promotion target is not met, the company may pass over candidates with "greater saniority or better qualifications" in favour of "at least basically qualified" representatives of minorities or women.

It was mainly because of this stipulation that the programme was challenged by three trade unions which complained that their members were being unfairly discrimiated against as a result, and that previously agreed seniority and promotional schemes were being over-ridden. The unions lost their appeals in lower courts and were finally rebuffed by the Supreme Court yesterday.

Since the ruling consisted of a simple rejection, the court did not offer the voluminous justification of its opinions which were presented in the Bakke case last week. In that matter, Mr. Allan Bakke, a white engineer, was ordered to be allowed to enrol in a Californian university because he had been unfairly excluded as a result of the institution's special admissions policy on members minorities. But the court simultaneously declared that race was a proper consideration in framing policies designed to compensate for past discrimination.

The comparison between the Bakke and AT and T cases illustrates the sharp and often unpredictable division of public opinion. Although some unions, particularly in construction, have poor records on minority advancement, the unions movement generally espouses a liberal attitude to racial issues. Yet, in the AT and T case, they sought to overturn a programme which has considerably advanced the cause of equal opportunity.

In its five years of operation, the AT and T plan, considered a landmark of its kind, has resulted in a doubling of managerial jobs held by members of minorities (up from 4.6 per cent to 8.7 per cent), a significant expansion of senior positions held by women (from 2.5 per cent to 27 per cent), an opening of traditionally male crafts inside the company to women, and a general increase in employment of members of minorities.

One interpretation of the AT and T judgment is that the court may be more inclined to look favourably on racial quotas, as applied to employment rathe[r] than to education. But th[e] general record of this court i[s] to examine matters on a case-by[-]case basis. Blanket conclusion[s] are not easy to find.

Yesterday, for example, th[e] court appeared to duck two othe[r] reverse discrimination matter[s]. It sent back to California fo[r] reconsideration an appeal again[st] those provisions of the 197[7] Public Works Act which stipula[te] that 10 per cent of all contrac[t]ing work go to minorit[y] controlled companies. But it di[d] so essentially on the grounds that the case wa salready moo[t] since all funds under the A[ct] earmarked for the Los Angel[es] area had already been spent.

Similarly, it sent back to Nor[th] Carolina a complex case concer[n]ing the representation of wom[en] and minorities on the state u[ni]versity's student governme[nt]. White students at the universi[ty] had challenged, successfully [in] the lower courts, the existi[ng] system. But the Supreme Cou[rt] gave no clear clue as to wh[at] its ultimate resolution would [be] if the case were to come bef[ore] it again.

Sao Paulo unruffled by strikes

By Sue Branford

SAO PAULO, July 4.

BUSINESS here is discovering that industrial action is not the bogy many had imagined. Two months after the unexpected outbreak of a wave of stoppages, which brought much important production to a standstill, about 200,000 workers have obtained wage increases of about 10 per cent. These rises are being smoothly absorbed by the companies concerned, many of which have reported unexpected increases in productivity since the settlements. Although shop-floor leaders have denounced reprisals, alleged ringleaders having been sacked in some industries, the transition to collective bargaining, which is still technically illegal, has been mostly straightforward.

Another sign of the times was the unexpected decision by a Labour Ministry judge to annul the results of recent elections in the São Paulo metal-workers' union. The judge said that, in the sample of votes which he had checked, he had discovered "serious irregularities."

The elections had yielded a substantial victory for the incumbent leadership. Opposition leaders in the union have denounced fraud for years, claiming that, with the connivance of ministry officials, elections have been rigged to ensure the victory of pro-government labour leaders.

Meanwhile, despite strikes and credit restrictions, Sao Paulo industry grew by about 7 per cent during the first half of 1978

The motor industry—which went through its first serious crisis last year, with a 6.7 per cent drop in output and generalised losses—is picking up better than was anticipated. Sales were up by 15 per cent in the first half and sources in the industry are predicting a growth rate of more than 9 per cent this year, with production at last exceeding 1m vehicles in the year.

Sales of electrical household goods in the first half were up by 20 per cent. Although this was partly achieved by a 50 per cent rise in sales of colour television sets—thanks in football-mad Brazil to the World Cup last month—demand for other products has also been good.

Output of capital goods was up by 8 per cent. Managers are still concerned, however, as some sectors have problems of idle capacity.

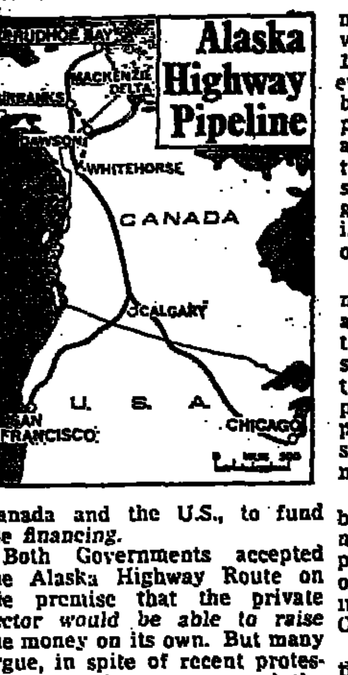
But manufacturers of heavy electrical equipment are confident of full order books after the placing of the $707.1m for equipment for the huge Itaipú hydroelectric power station on the Parana river with Ciem, a consortium of Brazilian, French and West German manufacturers. More than 80 per cent of the equipment is to be manufactured in Brazil.

Diana Smith adds from Rio de Janeiro: Showing a gap of $32m between imports of $1.82bn and exports of $1.50bn in May, the Brazilian trade deficit for the first five months of 1978 has risen to $371m. This compares with a $40m surplus at the end of May, 1977, and indicates that a balance of the trade account for the year is unlikely to be achieved.

CANADA'S GAS PROJECT

Delays bring uncertainty

BY ROBERT GIBBENS IN MONTREAL



WHEN WILL construction start on the Alaska Highway gas pipeline through Canada, and how much will it cost? A great number of people across Canada, from oil companies with or without a direct interest, to a host of equipment suppliers who urgently need extra sales volume, would like to know the real answer. Nearly a year ago, the U.S. and Canada, in a new spirit of energy co-operation, finally agreed on the broad terms of the mammoth 4,800-mile pipeline project to bring Prudhoe Bay natural gas south to Fairbanks, Alaska, then through the Yukon, northern British Columbia, and Alberta to hungry Midwest U.S. markets, with provision for future Canadian needs through the spur from Whitehorse to the Mackenzie Delta. The total cost was put at around $U.S.9bn-10bn for the project in both countries. Recently the petroleum industry research institute in New York has put the capital cost at $14bn in current dollars. This figure has not been challenged seriously by the pipeline backers in either Canada or the U.S. Certainly on the Canadian side, banks are known to have been using a figure of $13bn.

Major oil companies, making their own calculations, say that one year's delay adds $1bn to the cost. And though Foothills Pipeline (Yukon), the Canadian sponsor, is denying it, a delay in the start of construction of at least one year is now likely. The escalation of costs is put down to the delays in starting work, the continuing high rate of inflation (8 to 9 per cent in North America for 1978 is now considered almost certain), and rising interest charges.

One well-known Canadian oilman, from a major integrated company, says he believes the chances of an actual early start to construction on the Alaska line at this point are 40 to 60 against. There are others in the industry who agree. This argument rests on the inflated cost, continuing uncertainty about the gas price in the U.S., and on political uncertainties. These are bringing into play a whole new set of economic factors which were not present when the estimates were made in 1976-77, they say.

This does not mean that the major oil companies in Canada do not want the Alaska project to go ahead. They have varying interests in seeing it through to completion. Even those which backed the alternative Mackenzie valley route have few regrets about it now. There is no going back on that decision, for political reasons alone.

Some are more preoccupied now by the recent excess of gas available from western Canada, the so-called gas bubble, and how to persuade the Canadian Government and public that short-term exports above the present level of 1 trillion (1 million million) cubic feet a year to the U.S. are in the national interest over the next five years.

The uncertainties about the Alaska Highway pipeline at this point also rest on the ability of the private sector, both in Canada and the U.S., to fund the financing.

Both Governments accepted the Alaska Highway Route on the premise that the private sector would be able to raise the money on its own. But many argue, in spite of recent protestations to the contrary and the predictions of the international banks, particularly in Canada, that some form of government backstopping or partial guarantee of the long-term debt will be required. This is so because the North American and other institutions putting up the long-term money will not sign the cheques until the returns from the pipeline operation are assured.

This in turn requires a settlement of the gas price issue in the U.S. and the signing of full gas contracts between the pipeline operators and the U.S. gas distribution companies. With the delays and the inflated cost, some oilmen argue, and with the political difficulties that would face Ottawa and Washington in selling a financial backstop or guarantee, there could be grounds for doubting whether the project will move ahead for the time being.

In mid-June several western Canadian supply companies and contractors said they had received a confidential letter from the Foothills group saying there would be a delay of one year before the start of the Alaska Highway project in Canada. Foothills denied the story but admitted that there would be a delay of three or four months. It claimed that a s[tart] would be made in the sprin[g] 1981. Many oilmen insist [that] even this is excessively optimi[stic] because of the lack of deta[iled] planning when the project [was] accepted in Ottawa and Wash[ing]ton last September. Foot[hills] still claims it can start pum[ping] gas by the spring of 1983, w[hich] is also regarded as much [too] optimistic in the industry.

While the two Canadian [pipe] makers, Stelco and Ipsco, [are] assured of getting the bul[k of] the orders for the Cana[dian] section, there is intense co[mpe]tition among other suppl[iers,] particularly turbine and [com]pressor manufacturers, con[trol] specialists and other equip[ment] makers.

They are eager for or[ders] because of the low level of in[vest]ment generally in Canada in [the] past two years. These supp[liers] of equipment are located m[ainly] in eastern Canada, particu[larly] Ontario.

It would be a mistake to [say] that most major oil firm[s in] Canada are utterly pessim[istic] about the Alaska line. [They] expect the project to go, de[spite] all the political infighting [and] provincial rivalries surf[acing] (recently between Br[itish] Columbia and Alberta) the b[uild]ing of technical detail, [the] sudden silence of the Foo[thills] group, and potential fina[ncial] problems.

A hidden form of govern[ment] guarantee came at the [right] moment in the constructio[n of] the Trans-Canada gas pipeli[ne in] the late 1950s. The contro[versy] surrounding that project [was] enough to topple the Li[beral] Government of the da[y in] Ottawa.

The Government in [Ottawa] financed the most risky se[ction] across northern Ontario. "I[t was] done with the Trans-Canad[a] and some form of backsto[pping] can be done again," said [a] major integrated com[pany]. "Canada needs this projec[t and] the huge impact it will ha[ve on] the whole economy. There [is a] tremendous variety of int[erests] involved in the Alaska hig[hway] project, on both sides o[f the] border.

"The trick is pulling [the] whole thing together. But it [will] take time."

Gas terminal plan in dou[bt]

BY OUR OWN CORRESPONDENT

MONTREAL, July [4.]

THE FUTURE of a proposed C$630m liquefied natural gas (LNG) terminal at Lorneville, near Saint John, New Brunswick, is being called into question by the decision of the Algerians to divert gas supplies earmarked for the U.S. to Europe.

The Algerian Government announced on Monday final approval of a contract for delivery of 4bn cubic metres of gas a year to West Germany for 20 years, beginning in 1984. This gas was part of a group of contracts for the sale of a total 20bn cubic metres a year to the U.S. for 20 years, with El Paso company and Tenneco, the American distribution companies, taking the supply.

The burden of the Alg[erian] statement was that Ame[rican] delay in approving impor[ts of] the 4bn cubic metres earm[arked] for Tenneco had forced the [state] oil and gas company, Sona[trach,] to find other markets in Eu[rope].

The gas to be take[n by] Tenneco was to have [been] shipped by LNG carriers [from] Arzew, the main Algerian e[xport] terminal, to the proposed i[mport] terminal at Saint John. [It is] owned jointly by Tenneco [and] TransCanada Pipelines. [The] Canadian gas distribution [com]pany was to build the pi[peline] from Saint John to the [U.S.] border. It has been unoffi[cially] estimated that the gas [would] cost U.S.$ 4 to $4.50 per [1,000] cu ft at the American bo[rder].

NYC police haggle over pay demand

By Our Own Correspondent

NEW YORK, July 4.

THERE WAS no Independence Day holiday to-day for New York City officials grappling with the problem of keeping down the municipal wage bill.

Seated across the bargaining table, at a meeting this afternoon were leaders of the police officers' union, the PBA, who want a $5,000 a year pay rise for their members. The city has already rejected this demand in a tough stance which led to the collapse of the last round of talks on Friday.

However, the city administration is negotiating under the shadow of a strike threat by the union leadership.

The latest indications are, however, that the union may soften its demand, if the city provides improved fringe benefits and other non-wage payments.

The not-so-Glorious Fourth

BY DAVID LASCELLES

NEW YORK, Jul[y 4.]

FAR FROM WAKING to the normal Fourth of July sounds of cheering crowds, brass bands and crackling fireworks, millions of Americans began their country's 203rd year of independence in pouring rain and record low temperatures.

With the weather nothing short of dismal, news poured in of cancelled parades on the East Coast and flooding in the Mid-west. Yachtsmen were warned not to take to the sea because of 40 mph winds and five-foot waves, and even motorists preferred to stay at home and avoid the slippery roads, where the rain-softened foundations added subsidence to the other dangers.

"Britain's revenge," the witty have dubbed it.

In New York, the thermometer dropped to 57 degrees fahrenheit, equalling a 21-year-old record low. Commented one radio announcer: "Just in case you forgot, the record high was 102 degrees in 1948." But, with humidity nearly 100 per cent, this was small comfort for the creeping cold that sent the T-shirt-clad masses rummaging for their woollies.

The culprit is a massive depression, which is hanging over the country like a gigantic wet blanket, refusing to be budged by the sharp, north-east winds. The weathermen, who did their best to predict at least tolerable weather for the holiday, were most apologetic. "It's just not moving over as faste as we hoped," said one, adding lamely, "but it should be a nice day tomorrow."

But Independence Day is hardly the moment for low spirits. True to form, the New York Times—which appeared today—published a full-page facsimile of the historic document of 1776 on its back page. In Washington, DC, where celebrations traditionally culminate in a grandiose firework displ[ay at] the Washington Monument organisers refused to [be] deterred.

"Heavy cloud makes a better backdrop to fireworks [than] a clear sky," they said, co[nfirm]ing that the display was [going] ahead.

The airlines, too, are [in a] buoyant mood. They had al[so] transported record numbe[rs of] fun-seekors to their h[oliday] destinations before the we[ather] turned. And since all [these] people will presumably ha[ve to] come back, there is als[o the] prospect of record r[eturn] business.

Unlike a happy Indepen[dence] Day, this will probably be [one] to remember.

U.S. COMPANY NEW[S]

Chessie recovering from strike; Kodak appear in B[...] suit — Page 21

WORLD TRADE NEWS

Sumitomo finds disfavour abroad

BY ROBERT WOOD

TOKYO, July 4.

ALMOST three-quarters of the countries where Sumitomo Corporation (formerly known as Sumitomo Shoji) has offices are dissatisfied with their Japan trade, the Corporation reports. The most dissatisfied are semi-developed nations.

Of 76 countries and territories from which Sumitomo subsidiary operations responded to a head office query, the only places where traders found the local populace "generally satisfied" were: Switzerland, three Arab countries, and six South American nations. Traders ranked 11 other countries "fairly satisfied," 37 "somewhat dissatisfied," and 17 "greatly dissatisfied." (Lebanon was not ranked because the Sumitomo office there mainly performs transit trade.)

Semi-developed countries dominated the "very dissatisfied" group. The list included: South Korea, the Philippines, Thailand, Taiwan, Greece, Spain, Poland, Romania, Bulgaria, Yugoslavia, Panama, Venezuela and Ecuador. Other "very dissatisfied" countries were: France, the U.S., Kenya, and New Zealand. Britain was listed as "somewhat dissatisfied."

Many semi-developed countries accumulate huge deficits with Japan because they import such products as television sets, knocked-down motorcycles, cars, and machinery, while their manufactured products compete with industries which remain fairly strong in Japan.

Greece, for example imported $1.1bn worth of Japanese goods last year while Japan bought only $38m worth of Greek products—a ratio of $29 of imports for every dollar of exports.

Greece suspended issuance of import licences for Japanese products last week. Columbia and Antigua have taken similar action, and Morocco has recently banned imports of colour televisions, motorcycles, passenger cars, and refrigerators

Sumitomo's analysis of the survey blamed Japan's trade surpluses on foreigners' failure to "study and fully grasp conditions in Japan."

Sumitomo Corporation changed its English-language name from Sumitomo Shoji Kaisha on July 1, but in Japanese it will continue to use Sumitomo Shoji, which means Sumitomo Trading. It is one of several dozen companies in the Sumitomo Group, a loose confederation of companies in almost all industries. In adopting a non-descriptive name it has followed the precedents of Mitsubishi Corporation, and Mitsui and Co., the trading companies of two other loose confederations.

● Mr. Michiya Matsukawa, an adviser to Japan's Finance Ministry, says foreign countries may apply discriminatory restrictions to their imports of Japanese goods unless Tokyo's trade surplus shows signs of levelling off, according to a Reuter's report from Tokyo.

Matsukawa, until recently Vice-Minister of Finance for International Affairs, said in an interview with the Japanese national daily newspaper Asahi Shimbun that irritation of foreign countries is liable to reach saturation point if the

He said Japan's trade surplus was now about equal to the combined surpluses of all members of the Organisation of Petroleum Exporting Countries (OPEC) and was leading to violent yen-dollar fluctuations.

Whenever Japan's balance of payments statistics are published, pressure increases for a further appreciation of the yen, Mr. Matsuakawa said.

Meanwhile Mr. Toshio Komoto, the Japanese International Trade and Industry Minister, has said the government may decide on supplementary measures to ensure 7 per cent growth in fiscal 1978 which ends next March.

The decision will be made in September when the second quarter gross national product figure is available.

UK frigate order in balance

By Hugh O'Shaughnessy

ARGENTINA and Britain are locked in tough negotiations on the price of six frigates to be purchased by the Argentine navy. A decision about whether this large order will be placed in British yards is expected in the next few months, according to Argentine sources.

Though few details are available about negotiations the total order could amount to around £500m. The Argentines are intending to do as much of the construction work as possible in Argentine yards.

The state of the negotiations was reviewed by Admiral Emilio Massera, commander-in-chief of the Argentine navy, who left for Paris yesterday after a two-day visit to London. Admiral Massera is a member of the three-man military junta which has governed Argentina since March 1976.

During his visit to Britain, which was officially termed private, the admiral had contacts with Admiral Sir Terence Lewin, the First Sea Lord, and senior officials of the Foreign and Commonwealth Office, the Department of Trade and the Bank of England.

Argentine officials point to the fact that Argentina has bought 5 major naval vessels from British yards since the 19th century and that there has been a long tradition of co-operation with British shipbuilders.

They nevertheless indicate that they are holding out for better financial arrangements than those presently being offered by Britain.

Any Argentine naval order placed in Britain is likely to incur criticism from the Left which has attacked the Argentine military Government's record on human rights.

Award of oil risk contract

BUENOS AIRES, July 4.

THE ARGENTINIAN state oil company Yacimientos Petroliferos Fiscales has awarded Argentina's first risk contract for exploration and development to a consortium of German, French and Argentinian companies.

Under the contract Total Exploration of France, Deminex of West Germany and Bridas of Argentina are to spend at least $5.9m on off and onshore exploration and development in a 655 sq. kilometre area on the east coast of Tierra del Fuego.

Australia iron price talks

SYDNEY, July 4.

JAPANESE steel mills' representatives say they want major revisions in their contracts for buying iron ore from Australia.

It was revealed at private discussions among senior businessmen from both nations today that the Japanese mills want to import up to 30 per cent of their ore at lower world-market prices.

Mr. K. Imai, general manager of Nippon Steel's iron ore department, said that with a glut of iron ore on the market and the Japanese steel industry contracted to buy more ore than it can use, the time had come to review the concept of long-term contracts.

Japanese executives have indicated that, because of the recession in the world steel industry, all existing contracts with Australian iron ore suppliers may not necessarily be renewed. AP-DJ

Marks and Spencer deal

BY YOKO SHIBATA

TOKYO, July 4.

JAPAN'S LARGEST chain store and Japan's largest retailer, Daiei, have reached agreement With Marks and Spencer on exclusive import sales of Marks and Spencer's merchandise. Formal contracts will be concluded in this autumn, which will allow Daiei to start fully-fledged sales of Marks and Spencer's goods as a sole agent in Japan. Daiei is understood to have been looking for the opportunity to expand its European merchandise, particularly in fashion lines.

Daiei has picked out Marks and Spencer because of its outstanding price competitiveness in foods and clothing

In London Marks and Spencer confirmed the agreement with Daiei and said that two executives from the Japanese chain would be coming to Britain shortly. Japan is now potentially Marks and Spencer's largest export market.

Call for co-operation

BY LORNE BARLING

CLOSER co-operation between Japanese and British plant manufacturers in third-country projects was urged yesterday by Lord Limerick, a member of the British Overseas Trade Board.

Lord Limerick, speaking at a Seminar in London, said that both countries had powerful plant industries which were major exporters and there were advantages in pooling their resources in some circumstances.

British plant equipment was well known in such areas as the Middle East and it was now opportune for British companies to take advantage of business openings alongside Japanese trading and engineering companies.

The seminar, sponsored by the Japan Task Force and the CBMPE, the process plant manufacturers' association, was aimed at boosting British sales in Japan.

Greek shippers may act against Lloyd's

BY OUR OWN CORRESPONDENT

ATHENS, July 4.

GREEK SHIPOWNERS are considering retaliatory action against Lloyd's of London over the issue of the additional premiums imposed on freight insurance of Greek ships over 15 years of age. The measure was to go into effect on July 1.

Mr. Antony Chandris, President of the Union of Greek Shipowners, said today some Greek shipowners, including himself, were thinking of moving hull insurance away from Lloyd's and taking it to American or other insurance markets.

"That would probably make Lloyd's think twice," Mr. Chandris said.

Recent figures have shown that Greek-flag ships total about 7 per cent of the world merchant fleet. They also total 14.8 per cent of world tonnage over 15 years of age.

Already subjected to the additional premiums are countries such as Liberia, Panama, Costa Rica, Honduras, Somalia, Malta, Lebanon, Cyprus, Singapore and the Maldive Islands.

The Greeks object to the Greek flag being included on this list of flags of convenience and take the view that the additional premiums should be applied on the basis of individual shipowners or across the board.

Mr. Chandris said he felt the additional insurance premium on Greek ships over 15 years old was unfair and diminished the Greek shipowners' ability to compete in world freight markets. He said he could not believe that a 16-year-old British ship sold to a Greek became a bigger risk for the cargo underwriters from one day to the other requiring additional premiums because she became Greek.

Aker sells to China

By Fay Gjester

OSLO, July 4.

THE AKER shipbuilding group, one of the major creditors of the troubled Reksten shipping company, has sold the two 16,000 dwt dry cargo ships which Reksten's trading company Hadrian ordered in 1975 but had to cancel.

Aker has sold both vessels to a Chinese-owned company in Panama for a reported NKr. 51m (£5m) each. This compares with the order price per ship of NKr. 80.6m (£8.1m). Hadrian has paid substantial cancellation fees, but even so Aker is taking a loss on each contract of around NKr. 6m (£650,000).

Threat of Russian fleet to UK ships

By Lynton McLain

BRITISH shipowners hit back last night at Soviet Union claims that its expanding merchant fleet did not threaten Western shipping interests.

The General Council of British Shipping said it was impossible to operate effectively in world shipping markets when the Russians "barged in and upset stable markets."

The Soviet Union "blocked its ears" to calls from the council that it should join western shipping conference lines "on our terms."

Last month, EEC transport Ministers did not agree immediate action to halt the Soviet shipping threat. This was "disappointing," but the subject would be raised again at the next ministerial meeting in November, when members might agree a limited programme of monitoring Soviet shipping.

The council was replying to statements from Moscow last month, which said that "Britannia no longer rules the waves" and that the Sovet fleet was expanding.

The Novosti Press Agency said that with 20 per cent of the world's industrial output, it was natural that the Soviet Union had one of the World's biggest merchant fleets.

The council agreed with the Russians that their merchant fleet increased by 90 per cent to 13m tons in the decade to 1975.

But Soviet foreign trade had risen only 69 per cent from 91.8m tons to 155.3m tons. The agency said it had risen by 350 per cent in this period.

According to the council, the Soviet merchant fleet had 220 ships for international trade—six times more than in 1971.

This was part of the "excess tonnage," referred to by British shipowners, used to win general cargo trade from established Western shipping conference lines.

The council said that this competition on the East Africa conference lines had cost members $35m to $40m (£19m to £21m) in lost revenue, of which British shipping companies had lost $18m (£9.6m).

Soviet undercutting by up to 30 per cent on this route had been the main cause of lost revenue. But other factors included "some reduction in trade."

The direct impact of the Soviet expansion and price-cutting on British shipowners' trade was not severe.

Lamp manufacturers allege dumping by E. Europe

BY GUY HAWTIN

FRANKFURT, July 4.

WEST EUROPEAN lamp manufacturers have complained to the European Economic Community Commission alleging that East European lamp manufacturers are dumping their products in the EEC market.

They claim that electric lamps from certain Comecon countries are being sold in the Community at up to 50 per cent below EEC manufacturers' prices and, as a result, below the costs of the raw materials required to make them.

A report from the West German Electric Lamp Manufacturers' Association, issued by the Central Association of the Electro-Technical Industry, states that countries named in the complaint are the Democratic Republic of Germany, Poland, Czechoslovakia and Hungary.

The West European manufacturers are taking action through their European umbrella organisation, ORGALIME—Organisme de Liaison des Industries Métalliques Européennes. They are demanding that the Commission investigates the allegations which they claim could result in a serious threat to employment in the industry.

The West German manufacturers state that the East European penetration of the Federal Republic's domestic market has been swift. Imports from the four countries involved in the allegations have risen from 11.1m units in 1974 to a total of 43.4m units by last year.

This is a very substantial slice of the West German market for normal utility and ornamental lamps of up to 100 watts, which currently stands at about 175m units a year.

Pan Am Concorde study

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PAN AMERICAN World Airways is conducting a new study of the possibility of using Concorde supersonic airliners, but does not expect to take a decision for some time.

Mr. William T. Seawell, chairman and chief executive of Pan Am, said in London yesterday that the airline had begun its study on the basis of figures derived from the use of the aircraft by Air France and British Airways on the London and Paris to New York and Washington routes.

"It has consistently been Pan Am's position that Concorde was a notable technological achievement, and that our problem with it was economic, in terms of Pan Am's operating requirements," he said.

"It has also been consistently Pan Am's position that if the figures were right in terms of profitability of operation on Pan Am's system, and if Pan Am had the opportunity to operate Concorde, Pan Am would do so. That is still my position."

But he stressed that Pan Am did not feel that it had to have Concorde, to be competitive with Air France and British Airways on the North Atlantic.

The airline would be willing to discuss Concorde with the British and French manufacturers and airlines on the basis of either purchase of the aircraft, lease, or the use of "blocked space"—taking up a proportion of the seats on existing Concorde services.

Poland still relies on Soviet oil

BY CHRISTOPHER BOBINSKI

WARSAW, July 4.

DESPITE RECENT visits here by the leaders of oil-rich Nigeria and Libya, the majority of Poland's crude oil needs this year will be filled by Iran, Iraq and BP as well as the Soviet Union.

Figures released by the Foreign Trade Ministry show that Poland will import 12.7m tonnes from the Soviet Union, 1m tonnes from Iraq, 1m tonnes from Iran, and will buy 1.5m tonnes from BP.

The 16.2m tonnes contracted so far is still below the 1977 import total of 16.4m tonnes and according to the Foreign Trade Ministry talks are still in progress for further oil imports this year. The 1977 import total figure was 1.3m tonnes up on 1976.

HOME NEWS

£15m plan to spread industrial use of microprocessors

BY MAX WILKINSON

THE GOVERNMENT announced a £15m support scheme yesterday to encourage the use of microprocessors in industry.

The scheme is aimed particularly at mechanical engineering companies which, the Government believes, should make more effort to study the potential use of the thumbnail computers that can now be bought for about £5 each. However, all companies will be eligible.

Microprocessors are widely used in telecommunications, data processing, office equipment and consumer electronics. They can also replace trains of cogs and gears, such as those used in washing machine timers, to control almost any mechanical process.

They are increasingly finding their way into end products as well as helping to control automatic production plant.

The Government believes that unless British industry adapts rapidly to the new technology, it will risk being overtaken even more by rivals in Japan, the U.S. and Germany. All those countries run support schemes to encourage the use of microprocessors.

Feasibility

The British scheme is divided into three parts. The first, for which £2m has been provisionally allocated, will be a campaign to promote awareness of the importance of microprocessors and to train key people in their use.

The second part, costing about £3m, will support company feasibility studies into applications of microprocessor technology. Up to £2,000 will be refunded to companies that seek advice from an approved consultant.

The third part of the programme, expected to cost £10m, will be financial support for specific projects for using microprocessors in end products or in manufacturing.

The scheme is seen only as a start of what might become a much more ambitious programme if companies suggest enough interesting schemes.

Minimum

In view of the high priority the Government attaches to all aspects of microelectronics development, the scheme is likely to be extended to £30m or even £50m if it proves successful.

Under applications, the minimum size of project eligible for consideration will be £10,000. That limit has been fixed fairly low to encourage smaller companies to seek assistance. Help will be given as a 25 per cent grant or a 50 per cent loan.

The scheme is one of a series of government projects to help the microelectronics industry. Total support is likely to be some £150m over a period of years.

A £50m investment plan by the National Enterprise Board in a new semiconductor manufacturing subsidiary has been announced. Further support for established semiconductor manufacturers, to be announced this month, will provide about £50m to £80m. Other aid schemes to different industry sectors may be used indirectly to help microelectronics.

Most microprocessors used in the UK are imported, mainly from the U.S. Ferranti makes the only microprocessor designed in Europe but that is a specialised, high-performance component aimed at military and similar applications.

It costs about eight times as much as the simplest microprocessors imported from the U.S.

Wave-power research to be stepped up

BY DAVID FISHLOCK, SCIENCE EDITOR

WAVE POWER looks promising enough as a future source of electricity to justify the Central Electricity Generating Board bringing its two big engineering divisions into the research work, Mr. Glyn England, the board chairman, said last night.

He said waves were the most promising of the renewable energy sources for electricity generation, and the board was putting an increasing effort into wave power studies.

Behind the move lies plans to bring together the board's two engineering divisions—generation and transmission.

For wave power, the generation division would design the structures that move with the waves, while the transmission division would be responsible for bringing power ashore and feeding it into the national grid.

Mr. England said ocean waves approaching Britain from the North Atlantic contained an average of 80 kilowatts per metre of wavefront—120,000 MW along the Atlantic coast.

Because of heavy losses, only about one-third of the power might reach the electricity consumer, but even that left enough to supply the whole of Britain at today's rate of consumption, he told staff at Fawley power station near Southampton.

The only proven way in which a predicted shortage of fossil fuels could be offset was by investing in nuclear power. Although nuclear stations represented less than 7 per cent of the board's net generating capacity, it accounted for nearly 13 per cent of its output last year.

None of the alternatives to nuclear power looked as economic. Although abundant, the alternative generating methods were diffuse and intermittent and the electricity produced would be costly in capital to collect, harness and back up with storage capacity.

According to Mr. England, a solar energy plant providing the equivalent of 2,000 MW of electricity would need an area of about 50 sq miles of solar cells. Wind was likely to meet only about 5 per cent of current electricity demand.

On tidal energy, the board had reached two conclusions: that no matter how it was done, the maximum energy it could contribute would not exceed 3 per cent of the UK's present primary energy requirements; and that the electricity would cost more than from established power stations.

Tesco to spend £100m. on new developments

BY OUR CONSUMER AFFAIRS CORRESPONDENT

TESCO IS to spend £100m on new developments over the next three years. They will increase the total sales area from about 5.49m sq ft to just over 7m sq ft.

Mr. Leslie Porter, chairman, says in his annual report, that the spending would be financed through cash flow. This year 16 new stores will be opened, together with three extensions to existing stores.

Since dropping trading stamps a year ago Tesco's sales have increased by over 40 per cent, and Mr. Porter reported yesterday that trading in the early part of this year had shown an encouraging trend.

Nineteen checkouts in the Wellingborough store have been equipped with IBM cash registers linked to a mini-computer. Instead of keying in the prices, the assistants will punch in the numbered code on the product. That information will go to a computer which will come back with the price.

The customer will get an itemised till receipt, and Tesco will get instant information about what it is selling.

Chairman's statement, Page 19

VC fetches record £8,200

SALEROOM

BY ANTONY THORNCROFT

A VICTORIA CROSS group, awarded to Captain Arthur Henderson of the Argyll and Sutherland Highlanders, sold for a world auction record of £8,200 yesterday at Christie's.

The VC was awarded on April 23, 1917, during the assault on the Hindenburg Line.

Capt. Henderson, previously awarded the Military Cross, was killed in action the following day.

The VC group was the top lot in a sale of English and foreign orders and decorations which realised £51,165. The group was bought by J. B. Hayward, the London medals specialist, on behalf of a private Scottish collector.

A second VC, won on the first day of the Battle of the Somme, July 1, 1916, went to Stanley Gibbons for £7,200.

It was in a group of 10 medals awarded to Drummer Walter Ritchie of the Seaforth Highlanders, for "conspicuous bravery and resource" when he stood on the parapet of an enemy trench and repeatedly sounded the "Charge" under heavy fire.

In other lots, Spink and Son paid £5,200 for a rare Austrian Order of the Golden Fleece. A Bavarian Order of St. George sold anonymously at £5,200, and a Russian Order of the White Eagle was bought by Spink for £1,300.

In a sale of Old Master drawings at Christie's, which realised £138,275, an anonymous bidder paid £36,000 for a portrait in pastel of Lady Charles Spencer, by Jean Etienne Lictard.

The sitter was Mary, younger daughter of Vere, first Lord Vere of Hanworth, who married Lord Charles Spencer, second son of the third Duke of Marlborough, in 1762.

A pastel portrait of Lord Sidney Beauclerk, by Rosalba Carriera, realised £11,000. Lord Sidney Beauclerk was the fifth son of the first Duke of St. Albans.

Both lots were sent for sale by the present Duke of St. Albans.

Sotheby's concluded its two-day sale of antiquities and primitive art, adding another £59,485 for a total of £321,490, with under 10 per cent bought in.

The top price yesterday, and double the estimate, was the £21,000 paid by Fugendo, a Japanese dealer, for a large Ganhara architectural relief with Buddha figures, dating from the 3rd to 4th centuries. All prices carry an additional 10 per cent buyer's premium.

Sernet, a Paris dealer, bought a Tibetan gilt bronze Buddha, dating from around 1600, for £6,500 and Fugendo, again, paid £4,600 for part of the surround from a large Indian white marble stele of the 12th century. A Tibetan tanka of the 17th-18th century made £1,050.

The two-day printed book sale at Sotheby's realised £63,208, with a best price yesterday of £1,400 from Burgess for a second folio edition of Shakespeare. All the books came from the collection of the celebrated bibliophile the late Graham Pollard.

Beatrice oil field target is 1981

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT is expected to sanction the £400m development of Mesa Petroleum's inshore Beatrice Field in the next few weeks.

Mesa, as operator for a group of companies including the P & O shipping group, said yesterday that it hoped the field in the Moray Firth would be brought on stream by May, 1981.

Exploitation of Beatrice will give UK oil production a boost and lead to a much-needed fillip for the offshore supplies and chemicals industries.

But the plans being considered by the Energy Department will be a blow to Cromarty Petroleum, planning a £200m crude oil storage terminal and refinery at Nigg Bay in the Cromarty Firth.

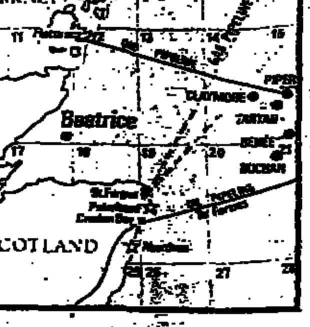
Cromarty Petroleum hoped that Mesa would use its facilities to handle Beatrice under a contract that would have helped to underwrite the controversial refinery project.

Mesa has decided instead to send its crude to a tank storage farm at Nigg Bay planned by the Cromarty Firth Port Authority, Brown and Root, and Wimpey.

The Highland Regional Council's planning committee yesterday agreed to support the port authority proposal.

Beatrice will be one of the smaller North Sea commercial fields, with estimated recoverable reserves of 162m barrels—less than one tenth of the reserves in British Petroleum's Forties Field.

Maximum production is estimated at 80,000 barrels a day,



sustainable over two or three years.

The field's commercial potential has been enhanced by its proximity to shore. This, and the comparative shallowness of the water in the Moray Firth, will enable Mesa and partners to exploit the reserves at a fraction of the costs of some deep water finds.

At present, Mesa expects production equipment to cost £323.4m, but inflation could bring the figure nearer to £410m.

Because of the waxy nature of the crude oil it had been expected that Mesa would need novel production and transportation techniques including a specially-strengthened insulated pipeline to shore.

But it is now planned to treat the crude oil with a pour point depressant to help it flow more easily and it is thought that the group will use a conventional pipeline.

Partners in Beatrice are: Mesa Petroleum, the field's operator (25 per cent); Kerr McGee (25 per cent); Cresleta (15 per cent); Hunt Oil (15 per cent); Peninsular and Orient (15 per cent); and Exploration Holdings (5 per cent).

● The Highland Regional Council said yesterday that its planning committee had decided to send the port authority's plans to the Secretary of State for Scotland for ratification while asking him to hold in abeyance Cromarty Petroleum's application, which had been sent to him earlier this year.

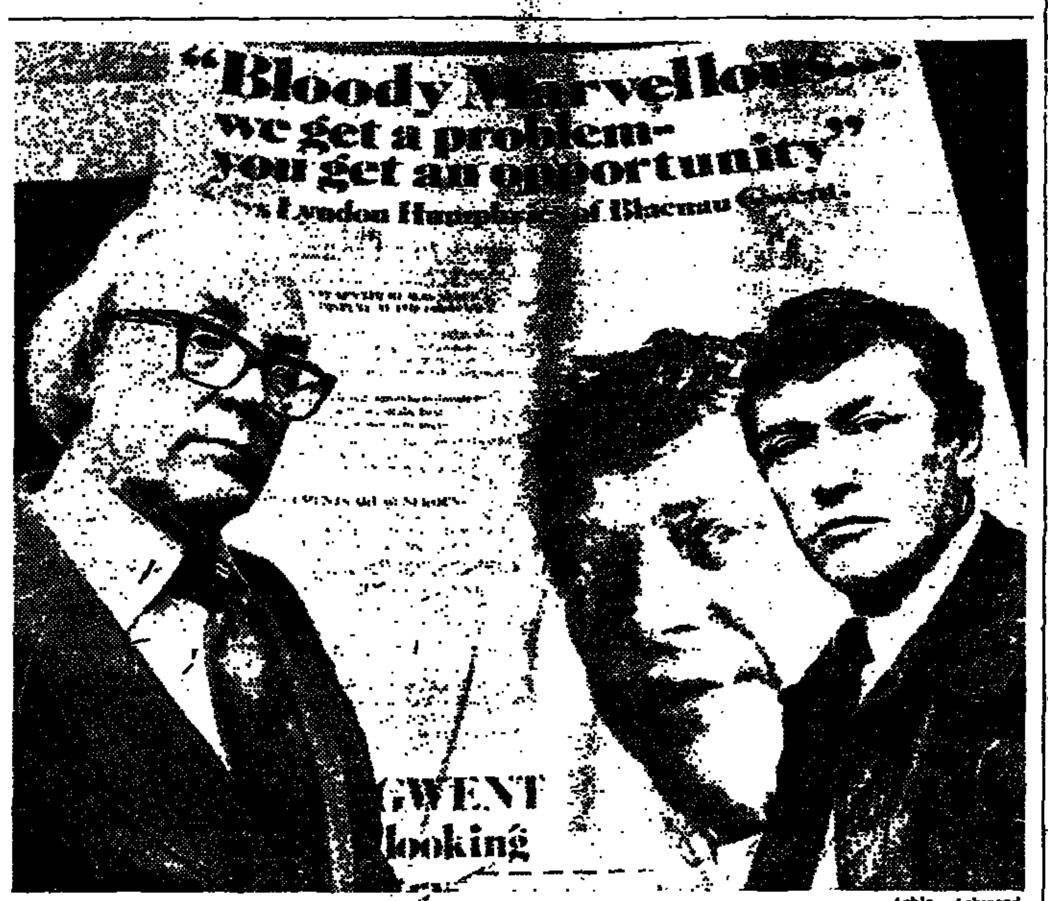
The planning committee had taken this decision "in the almost certain knowledge" that Mesa was not going to become a Cromarty Petroleum customer.

It was felt that if both planning applications were put before the Secretary of State at once, the port authority's chances of gaining his approval might be jeopardised.

The regional council has not, however, withdrawn its own planning approval of the Cromarty Petroleum project. It was thought this could have endangered the company's chances of finding new customers.

Cromarty Petroleum said last night that it was talking to a number of potential oil producers. It still intended to go ahead with the construction of the refinery, marine terminal and associated storage facilities.

However, initial construction work on the site had been suspended pending a review of the project.



Ashley Ashwood

A CAMPAIGN with a difference to stimulate new industrial investment in Blaenau, Gwent, nearly 30 miles from Cardiff, was launched yesterday in London.

Blaenau is to spend £30,000, promoting the attraction of its workforce to companies wanting to expand in Wales.

The town, which has about 4,000 unemployed skilled or semi-skilled workers after the closure of the British Steel Corporation Ebbw Vale works — 15 per cent of the total workforce — has chosen a former steelmill worker Mr. Lyndon Humphries, to lead the campaign.

"We have something far, far more important to offer than grants from the Welsh Office. We have a town and an area committed to work," Mr. Humphries said yesterday.

The workforce, which included every kind of trade, was highly flexible, and had a good industrial relations record.

"There have been no major industrial disputes at the Ebbw Vale works in over 40 years."

British Steel has backed the Blaenau scheme by putting up £10,000 and devising a retraining scheme. It will also give financial help to companies planning to operate in the area, sometimes by taking stakes in companies.

Shipbuilder loses three directors

By Lynton McLain, Industrial Staff

THE RESIGNATION of three directors of Scott Lithgow was accepted "entirely amicably," Mr. A. Ross Belch, the new chairman, said last night.

The directors who resigned were Mr. Michael Sinclair Scott, chairman, Sir William Lithgow, vice-chairman, and Mr. J. Edward Boyd, finance director.

Mr. Scott and Sir William had decided after Scott Lithgow was vested in British Shipbuilders that they would resign once the transition to state ownership had been sealed.

Mr. Boyd has agreed to maintain his link with the group and will be retained as a part-time financial adviser. His job as finance director will be taken by Mr. Alan McNeilage.

Mr. Ross Belch, the new chairman, keeps his position as managing director.

The departure of Mr. Scott, who is in his early 60s, severs family ties dating back to 1711, when the first Scott ship was built. He will keep in touch through his involvement in negotiations with the Government over compensation to be paid for nationalisation of the company assets.

Houses price boom fears 'unfounded'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSE PRICES are still rising at a much faster rate than last year, though fears of a price explosion appear to have been unfounded, according to the Nationwide Building Society.

The society's quarterly review of housing trend estimates that average house prices rose by 4 per cent between April and the end of June, against 5 per cent in the first quarter.

Average house prices rose by about 8 per cent during the whole of last year.

According to the Nationwide, prices rose slightly faster in the London area during the second quarter, with an average rise of 6 per cent.

In the 12 months to the end of June, the average national price increase of 13 per cent was above the 8 per cent rise in retail prices, but about the same as the estimated increase in average earnings.

Mr. Leonard Williams, chief general manager of the Nationwide, said that the rate of increase in house prices had been slowing down, particularly towards the end of the second quarter. Average prices were rising at about 1 per cent a month.

The latest figures confirmed the society's original assessment that there would not be a house price explosion this year as the present situation was different in several important respects from that in the early 1970s, when prices shot up dramatically.

Real incomes were rising rapidly, helped by the falling inflation rate, but the economic outlook remained uncertain and people remained cautious about their commitments, Mr. Williams said.

The building societies have criticised the Government's decision earlier this year to urge lower levels of mortgage lending to avoid any price explosion.

Disease scanner wins state backing

By David Fishlock, Science Editor

THE National Enterprise Board is providing £200,000 towards production of a computerised method of scanning for disease it believes could find a £20m market in hospitals.

The instrument, the Tomogscanner, is a less expensive, low resolution version of the X-ray scanners pioneered by EMI. Instead of X-rays, it uses weakly radioactive sources to generate its "images" of the body's tissue.

It was developed in a three-way collaboration between J and P Engineering, a Reading company, the Midland Centre for Neurology and Neurosurgery at Smethwick, and the Department of Medical Physics at Edinburgh University.

Extra capital

When J and P Engineering launched the Tomogscanner early last year it estimated that it had invested £½m to £¾m of its own money in development and manufacture.

The Enterprise Board said yesterday that after the results of clinical trials it would provide extra capital needed for the "fullest possible participation in the potential world market." It is providing £100,000 in equity for a one-third stake and another £100,000 as an unsecured loan.

Mr. Anthony Bernard, managing director of J and P Engineering, said that the money was needed as working capital to tool up for production of two machines a month.

The company has sold four machines so far — three in Germany and one in France and these, together with three years' experience with the prototype at Smethwick, are providing clinical evidence for its value in medical diagnosis.

Drummond Investors winding-up ordered

By Eric Short

CREDITORS SEEKING to recover some of their money from Drummond Investors, a firm of insurance brokers, will now have to await the processes of liquidation.

This follows the refusal of Mr. Justice Oliver in the High Court to sanction a scheme of arrangement for partial repayment of creditors. He ordered the compulsory winding up of the company.

A petition for the liquidation was presented last January by Mr. Stanley Swift and his wife, who were creditors for £1,990, and they have been supported by others with claims amounting to about £7,000. The total debts of the company are said to be about £50,000.

Rescue bid

A rescue scheme had been proposed under which £15,000 would be paid by Mr. Alec Davey, the father of Mr. Michael Davey, the sole remaining director of Drummonds.

This money would have been used for paying established creditors and Mr. Robert Reid, who presented the scheme on behalf of the company, stated that it had been approved by a "thumping majority" at a creditors' meeting in May.

But the position changed when another creditor, Mr. Reginald Keevil, of Wookey, Somerset, was given leave to be added to the list out of time, with a claim of about £9,000.

The judge pointed out that at the earlier meeting creditors had voted for the scheme on the basis of receiving 31p in the pound. Mr. Keevil's claim, if approved, would reduce that amount to 22p in the pound. If the other creditors had known of this they might not have voted as they did.

Mr. Justice Oliver stated that the petition had been before the court on seven previous occasions and it would not be right to keep petitioners in doubt any longer. He therefore refused to sanction the scheme and made the winding up order.

The matter now rests with the Official Receiver, who proposed to call a meeting of creditors in a few weeks. The value of any assets held by the company is not known or whether the offer of a lump sum payment still stands.

Feature, Page 17

Polski Fiat enters British market in pick-up trucks

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

ANOTHER foreign vehicle manufacturer, Polski Fiat, is entering the UK pick-up truck market, in a year when commercial vehicle importers have already expanded sales from 15 to 22 per cent of total registrations.

The Polish manufacturer, which has in the past utilised Fiat designs, will be selling an estate pick-up version of the 125P saloon on sale in the UK for three years. It will be powered by a 1,500-cc engine, and priced at a competitive £1,899.

This poses an additional challenge to British light-weight commercial vehicle manufacturers, after a three year spell in which they have rapidly lost ground to imports.

By far the biggest incursion has been made by Japanese producers, but there are signs that Eastern European producers—able to offer competitive prices—will also make a push.

The Eastern Europeans and other Continental producers may also be trying to take advantage of restraint on Japanese companies during the rest of the year after the Government-backed agreement on sales limitations in the UK.

Under the terms of this deal, the Japanese are aiming to keep their shipments of light commercial vehicles this year to the same number as last year.

Driving exemptions agreed by EEC

BY NICK GARNETT

SPECIFIC exemptions from EEC rules on commercial drivers' hours requested by the Government have now been agreed by the European Commission.

Draft legislation covering the exemptions and the harmonisation of EEC law on drivers' hours with domestic legislation were laid before Parliament earlier this week by Mr. William Rodgers, Transport Secretary.

The exemptions from Regulation 543/69, which covers drivers' hours, affect the dairy and farming industries in particular, although there are more general exemptions on short commercial journeys.

They apply until the end of 1980 when the Government hopes to negotiate a further continuation, and refer solely to journeys within the U.K.

Moving milk from farm to dairy has been given a general exemption. The maximum driving day for this work will be kept at ten hours rather than eight and a driver will be obliged to take a full 24 hours' rest period only rather than 29 hours' rest a week.

Some further conditions have been imposed, however, and these include a maximum 108 driving hours in a fortnight.

The dairy industry, which in the U.K. demands much greater flexibility in transport arrangements than the rest of of the EEC, had warned that it would be severely harmed if the regulation had been applied.

General commercial journeys within 50 kms of base will still be covered by the need to have a rest period after five hours rather than 4½ hours as under EEC rules.

For the moving of harvest produce within 50 kms of base daily rest periods over any 24 day period will not have to be raised to 11 hours and will stay at 10.

Transport of livestock to local markets and the moving of animal carcases and animal wastes will also be exempted from the regulation.

Minibuses of up to 15 seats will be exempt from the need to have a tachograph and from EEC rules on drivers' hours, but such vehicles travelling to other parts of the EEC will not be exempt.

The Government is also defining "continuous driving." This was originally defined as the period between the driver first getting behind the wheel of his vehicle to his first statutory break.

Operators are now being advised that continuous driving will be taken to mean the period when he is actually driving, not including loading and unloading.

The 1968 Transport Act remains fully in force for commercial drivers outside the present scope of EEC regulations.

The exemptions were broadly welcomed by the Road Haulage Association yesterday as "commonsense compromise."

Co-operating companies agree to objection

BY MAX WILKINSON

CO-OPERATION between a British electronics company and a French chemicals group is likely to continue in spite of objections by the European Commissioners to one of the terms of their agreement.

The agreement has been proposed between Leafield Engineering, Wiltshire, and the French Société Nationale des Poudres et Explosifs (SNPE) for joint development of underwater propulsion systems used in defence craft and by the oil industry.

The Commission objected to a clause preventing the SNPE from marketing the jointly developed product in the UK, and Leafield from marketing it in France, feeling that this clause contravened the competition rules laid down in Article 85 of the Treaty of Rome.

Mr. James Sharp, project director of Leafield, said yesterday that the two countries would delete the offending clause. Leafield would supply the electronics and systems engineering know-how and SNPE would provide expertise on the chemicals needed for propulsion units.

"We pressed for exemption as we would not want SNPE to compete with us for sales in the UK with a product we had partly developed ourselves. And we would not want them to licence our product to someone else in the UK."

Leafield has a turnover of about £4m a year and employs 350 people. SNPE has a turnover of about £200m.

North Sea oil 'hitting invisible exports'

BY MICHAEL BLANDEN

NORTH SEA oil, though providing a benefit to Britain's visible trade surplus, was having an adverse impact on invisible exports, Sir Francis Sandilands, the chairman of the Committee on Invisible Exports, said yesterday.

The benefits of the oil could, however, be used to remove some of the restrictions which had an inhibiting effect on invisible export business, he suggested.

In the committee's annual report Sir Francis drew attention to the drop in the net monthly invisible exports surplus from around £220m early last year to £100m early this year.

Since then it had picked up to around £120m a month. The reduction, he said, was partly a reflection of the rising cost of imported services, but mainly the impact of North Sea oil. "Not only has Britain had to pay for foreign services in extracting oil," he said. "she also borrowed foreign capital."

The imported services were estimated to be costing £500m a year, and the earnings of foreign oil companies in the North Sea were rising significantly.

While the benefits of the oil would show up in the visible account, therefore, "the detrimental results will be seen in the invisible accounts."

Sir Francis urged two changes to help invisible exports. These were "the more equitable tax treatment of losses and gains arising from currency borrowing," and "the admission of [illegible] of advance corporation tax eligible for double taxation relief."

Other constraints included the still high rate of UK inflation, exchange controls and high personal taxation rates.

Chastity belts attract few buyers

CHASTITY BELT manufacture has been revived in Britain at the Royal Show at Stoneleigh, Warwickshire.

Mr. Stuart Hill, a Suffolk shopfitter turned craftsman blacksmith, offers a neat line in wrought iron for £15 fitted free.

Sales have been slow, he said yesterday, but he hopes to entice buyers from among the foreign tourists at the show.

With their baggage weight problems in mind, Mr. Hill has produced a light collapsible model in hoops of wrought iron adorned with spikes. Buyers must provide their own padlocks.

Mr. Hill bought the 16th century forge in Claydon, Suffolk, 18 months ago giving up his work as a shopfitter.

Helped by the Council for Small Industries in Rural Areas, he now employs two apprentices.

Since demand for chastity belts is limited—although, as Mr. Hill demonstrates, the unit can also serve admirably as a cricketer's head protector—most of the forge's output consists of more conventional ornamental wrought iron work.

Another of his specialities is an armillary sundial—priced at £110—a noteworthy garden centrepiece.

The time is shown by the shadow cast on the inner face of a semicircular iron hoop by what the knowledgeable call a gnomon wire.

The model on show had been specially manufactured to tell the true time in East Grinstead. The angle of the gnomon wire has to be adjusted according to the latitude of the home of the sundial's owner.

A little way from the forge fumes, Mr. Howard Radcliffe Knott, of the Chapel House Turnery in Tideswell, Derbyshire, harrangues his potential customers.

Farm ladies in summer hats, tailored suits and all colours of wellington boots murmur approval at his declamations on the quality of his hand-turned bread boards.

Fiddleback sycamore, ideal for violin manufacture, is also perfectly able to withstand the rigours of the household kitchen.

Among the people paddling around the muddy roads of England's premier farm show, there was a marked shortage this year of customers from the Middle East.

However, a 70-strong team of Kenyan farmers, brought to Britain by the Central Office of Information, and a Chinese buying delegation helped to make up for the Arabs' absence.

For farmers with money in their pocket, among the delights on sale were £5,000 windmills for home power generation and solar heating panels for the [illegible] swimming pool cunningly concealed inside black-coated paving stones.

Christopher Parkes

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CONTRACTS & TENDERS

HOME-GROWN CEREALS AUTHORITY

Sale of Barley Ex Intervention Stocks

The Home-Grown Cereals Authority on behalf of the Intervention Board for Agricultural Produce has been instructed to sell by Tender barley from the Board's Intervention Stocks.

Sales will be ex-store and details of the stores and other arrangements are embodied in a Notice of Invitation to Tender together with tendering forms which are available from:

Home-Grown Cereals Authority,
Hamlyn House, Highgate Hill,
London N19 5PR.
Tel. No. 01-263 3391.

Stocks for sale are approximately as follows:

Store	Stock	
Ely, Cambs.	3,331	Tonnes
Diss, Norfolk	1,550	"
Hadleigh, Suffolk	2,121	"
Hartlebury, Worcestershire	1,718	"
Manby, Louth, Lincs.	8,076	"
Old Dalby, Melton Mowbray, Leicestershire	4,302	"
Polmont, Falkirk, Scotland	129	"

CLOSING DATE FOR TENDERS WILL BE 14th JULY, 1978

PUBLIC NOTICES

BOROUGH OF LUTON
£950,000 bills issued 5.7.78 @ 9[illegible]% to mature 4.10.78. Total applications £6.2m. Total outstanding £950,000.

GRAVESHAM BOROUGH COUNCIL
£500,000 bills issued 5.7.78 @ 9[illegible]% to mature 4.10.78. Total applications £3m. Total outstanding £500,000.

EXHIBITIONS

SCULPTURE IN TIME at Asprey. Exhibition of Audemars Piguet Skeleton watches. 4-15 July. Mon.-Fri. 9.30 a.m.-5.30 p.m. Saturday 9.30 a.m.-1.00 p.m.

RINGS AND RATTLESNAKES. Exhibition of rings and rattlesnakes. New U.S. jewels. Goldsmith Hall, Foster Lane, London, E.C.2. 5-28th July. Mon.-Fri. 10-5. Adm. Free.

COMPANY NOTICES

PECHINEY UGINE KUHLMANN

French Public Limited Company. Capital: FF.2,549,087,900.
Registered Office: 23, rue Balzac, Paris 8.
R.C. PARIS B 562 095 186

Final Redemption of the International Bond Issue 8% 1971/1978 of FF.50,000,000

ex. UGINE KUHLMANN

In accordance with the terms of the issue, and in view of the final redemption due on the 1st September 1978, the company has purchased on the market 223 bonds of FF.5,000 nominal each. Consequently, the 2,977 bonds still remaining in circulation, totalling FF.14,885,000 nominal, will be redeemed, at par, from the 1st September 1978—ex-coupon No. 7 due for payment on the 1st September 1978.

Reimbursement can be claimed, free of charge, from any of the undermentioned Paying Agents:
— CREDIT COMMERCIAL DE FRANCE, Paris.
— BANCA NAZIONALE DEL LAVORO, Rome.
— BANQUE BRUXELLES LAMBERT S.A., Brussels.
— CREDIT COMMERCIAL DE FRANCE, Milan.
— DRESDNER BANK A.G., Frankfurt.
— KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg.
— MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Brussels.
— NEDERLANDSCHE MIDDENSTANDSBANK N.V., Amsterdam.

The following bonds, drawn on the 1st July 1977 for redemption as from the 1st September 1977 have still not been presented for reimbursement:

3,368	4,821 to 23	5,264 to 65	5,560
3,374 to 79	4,833 to 37	5,267 to 70	5,565 to 74
3,453	4,858 to 60	5,277	5,577 to 79
3,805 to 14	4,867	5,282 to 97	5,596 to 98
3,835 to 36	4,898 to 4,900	5,308 to 09	5,613 to 15
3,925 to 29	4,946 to 47	5,333 to 34	6,156
3,951	4,959	5,336 to 48	6,161 to 64
3,953	5,141 to 46	5,351	6,287
3,955	5,153	5,363 to 65	6,418
4,046 to 52	5,163 to 64	5,388 to 91	7,025 to 34
4,097	5,176	5,395 to 99	7,040
4,172 to 75	5,183 to 84	5,437 to 45	7,060 to 85
4,689 to 90	5,196 to 5,217	5,473	7,612
4,755 to 57	5,226 to 28	5,488 to 90	7,707 to 08
4,760	5,235	5,496 to 5,500	7,848
4,762 to 63	5,241 to 45	5,504	7,859 to 64
4,768 to 91	5,247	5,514 to 23	8,334
4,794 to 4,801	5,255	5,526 to 42	8,414 to 17
4,809	5,261	5,549 to 50	

CREDIT COMMERCIAL DE FRANCE, Paris.
Financial Agent to the Company.

LEVERAGED CAPITAL HOLDINGS N.V.

Curacao, Netherlands Antilles
Notice of Annual General Meeting of Shareholders

Notice is hereby given that an Annual General Meeting of Shareholders of Leveraged Capital Holdings N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at the offices of the Company, John B. Gorsiraweg 6, Curacao, Netherlands Antilles, on 27th July, 1978 at 10.30 a.m.

Details may be obtained from the offices of the Company or from the Paying Agent mentioned hereunder. Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained from the Paying Agent against delivery of certificates on or before 20th July, 1978.

Willemstad, 5th July, 1978.

INTIMIS MANAGEMENT COMPANY N.V.

Paying Agent:
Pierson, Heldring & Pierson N.V.
Herengracht 214
Amsterdam

CHILEAN EXTERNAL LONG TERM DEBT—LAW NO. 5962 CHILEAN 5% LOAN OF 1911 FOR £4,905,000 NOMINAL CAPITAL

FINAL REDEMPTION

NOTICE IS HEREBY GIVEN that all the outstanding bonds of the above loan will be redeemed at par on 15th July 1978, from which date all interest thereon will cease.

These bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must have the coupon dated 15th January 1979, and all subsequent coupons, attached.

The usual interval of four clear days will be required for examination.

Pursuant to Exchange Control regulations (see notice below) the sterling funds provided for the redemption of these bonds have been converted into U.S. dollars at the rate of exchange ruling at 2.00 p.m. on 21st June 1978, and the RATE OF REPAYMENT for bonds accompanied by all the necessary unmatured coupons will be:—

U.S.$184.80 per bond of £100 nominal capital (and pro rata for bonds of other denominations)

EXCHANGE CONTROL ACT, 1947

The above security is to be treated as a foreign currency security for Exchange Control purposes; in consequence, the Bank of England has requested that capital redemptions of bonds of this issue be henceforth made in foreign currency which should be dealt with by the receiving Authorised Depositaries in accordance with the terms of Paragraph 40 of Notice E.C.7 (which apply only to securities which are beneficially owned by persons resident in the United Kingdom).

In any case where the conditions attaching to the permission contained in Paragraph 40 are not met, the foreign currency received must be sold without reinvestment rights to an Authorised Dealer at the current market rate in the official Foreign Exchange market.

In the case of a bond held for account of a person resident in any Scheduled Territory other than the United Kingdom, reference should be made to the Bank of England in accordance with Paragraphs 57 and 64 of Notice E.C.7.

New Court,
St. Swithin's Lane,
London EC4P 4DU.
5th July 1978.

TAKEDA CHEMICAL INDUSTRIES LIMITED

Bearer Depositary Receipts representing shares of Takeda Chemical Industries Limited.

Takeda Chemical Industries Limited has declared a dividend of Yen 3.75 equivalent to Yen 37.50 per Depositary share. The Depositary will pay the equivalent proceeds in U.S. dollars less taxes as applicable against presentation of Coupon No. 32.

Coupons will be accepted from Authorised Depositaries on and after 5th July, 1978, and must be lodged two clear days prior to the payment.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK.
33, Lombard Street,
London, EC3P 3BH.
30th June, 1978.

TIME ASSURANCE SOCIETY

Registered Office: 45, Queen's Road, Oldham, Lancs.

NOTICE OF MEETING

A Special General Meeting will be held at the Registered Office at 11.30 a.m. on Thursday, 20th July, 1978, to receive the Actuarial Report on the triennial valuation as at 31st December, 1977.

(Signed) D. Stoot.
Secretary.

ART GALLERIES

ACHIM MOELLER GALLERY, 8, Grosvenor Street, Off Bond Street, W.1. Tel.: 493 7611. Selection of fifteen paintings by KADINSKY and 20th CENTURY MASTERS, Modigliani, Leger, Braque, Mondrian, Ernst, Miro, Klee, Picasso a.o. through July.

BROWSE & DARBY, 19, Cork St., W.1. Robin Philipson — Women Observed. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30.

CHANDRE GALLERY, 5-6, Cork St., W.1. 01-734 4626. Exhibiting Paintings by GREGORY FINK. Mon.-Fri. 10-5.30. Sats. 10-1.

DAVID CARRITT LIMITED, 15, Duke St., St. James's, W.1. 18th CENTURY FRENCH PAINTINGS, DRAWINGS AND SCULPTURE. Until 7th July. Mon.-Fri. 10-5.

LUMLEY CAZELET, 24, Davies St., W.1. 01-499 5058. MATISSE — Drawings, Prints and Illustrated Books. Until 28 July.

SLOANE STREET GALLERIES, 158 Sloane St., W.1. Modern paintings, sculptures and graphics by interesting international artists. Wide range of prices. Tues.-Fri. 10.00-5.00. Sats. 10.00-1.00.

THE BRADSHAW ROOM, 17 Carlton House Terrace, S.W.1. MARGOT HARRISON—Watercolours and small oils. 27 June-11 July. Mon.-Fri. 10-5.

W. H. HARVEY & CO. (ANTIQUES) LTD., 67-70, Chalk Farm Rd., N.W.1. Tel: 01-485 1504. EXHIBITION OF CHIPPENDALE FURNITURE. 1-15 July. Celebrating BADA'S 60th Anniversary. Mon.-Fri. at 9.30-5.30.

CLUBS

EVE, 189, Regent Street 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455.

MICHELLE'S Cabaret Club. Superb food. 6, Ormond Yard, S.W.1. 930 2842/3. Dancing partners.

PERSONAL

OXFORD UNIVERSITY ALEMBIC CLUB—A reunion dinner for Oxford Chemists will be held on Saturday, 30th September, 1978, in St. Catherine's College. For details write to Dr. L. E. Sutton, c/o Chemistry Sub-Faculty Office, 1 South Parks Road, Oxford OX1 3TG.

RESIDENTIAL PROPERTY

BELGRAVIA, S.W.1 — Private Residence/Embassy. 21 Rooms, 8 Bathrooms, in need of modernisation. 99 year Lease. Ground Rent £250.00 P.A. Price £295,000.00. No offers. Tel: 01-370 2910.

EDUCATIONAL

HOME NEWS

Legal cover to be given for deep sea mining

BY PAUL CHEESERIGHT

THE GOVERNMENT has authorised preparation of legislation aimed at giving legal protection to UK companies engaged in seabed mining outside the 200-mile economic limit and beyond the Continental shelf.

Formal discussions on the nature of the legislation started on June 22 at a meeting between representatives from the Foreign and Commonwealth Office, the Department of Industry, the Institute of Geological Sciences, and the mining industry.

Further talks will be held before the next session of the *United Nations Conference on* the Law of the Sea, which opens in New York on August 21.

The discussions are likely to lead to a paper embracing the idea of an enabling Bill, supported by regulations which may be applied by a Minister when he thinks fit. The paper would need Cabinet approval before a draft Bill was produced for presentation to Parliament.

The work on seabed legislation comes after representations from the industry to the state departments involved in the Law of the Sea conference and a subsequent request to the Government from the Department of Industry for permission to start work on draft legislation.

Three UK mining groups—Rio Tinto Zinc, Consolidated Gold Fields and BP Minerals—are involved in seabed mining. They are members of a consortium led by Kennecott Copper of the U.S. which is one of six international groups actively preparing to start mining.

Cover

The prospect of legislation reflects in part disillusion with the progress towards reaching international agreement on control of seabed mining at the Law of the Sea conference.

But some interim legislation would be necessary even if the conference should be successful in producing a convention. It would *provide legal cover during* the lengthy process of international ratification.

The industry is anxious that *the UK does not lag behind the* U.S., where the House of Representatives is expected shortly to vote will be taken before a third backing for sea-bed mining. The Senate has another Bill before it, but it is not clear whether a vote will b etaken before a third of the members come up for re-election in October.

The Carter Administration has approved legislation in principle, but the Bills before the two Houses of Congress will have to be reconciled. The movement towards enactment of a sea-bed law in the U.S. has given an impetus to similar moves in Europe. The mining industries in Belgium, France and the Netherlands are consulting their governments, and in Germany a Bill is already in the Bundestag, although it is not sponsored by the Government.

Industrialised countries and mining groups within them are *anxious to exploit the resources* of the sea-bed, where there are plentiful quantities of manganese nodules containing nickel, *copper and cobalt as well as* manganese.

Internationally, it is accepted that these resources are "the *heritage of mankind,"* but sharp political differences exist between the industrialised countries and the developing world on the way in which mining should be controlled.

Executive earnings likely to rise faster

BY DAVID FREUD

EXECUTIVE EARNINGS are likely to increase at a relatively faster rate in Stage Three of the Government's pay policy than in previous years.

According to Reward, the salary advisory service, earnings by managers, professionals and executives should increase by 15-17 per cent in the present wage round. This compares with *the expected rise of 14-15 per* cent for earnings in the economy as a whole in Stage Three.

Executive earnings in the present round could come out ahead of the average level, in contrast to their past relatively poor performance.

Reward is a partnership between the Government agency Professional and Executive Recruitment, Synergy Publishing, the Institute of Personnel Management and the Institute of Directors.

Trends

The latest release, covering the four months from February to May, is based on 28,000 candidates who obtained jobs through the Government agency. The results therefore are claimed to represent actual salary trends through all areas of the economy.

Reward's index shows that salaries increased 13.9 per cent in the latest 12 months, although the pace increased rapidly.

From June to September last year, the rise was 1.8 per cent, 5 per cent in the next four months and 7.1 per cent from March to June this year.

The highest median salary increase in the 12 months was enjoyed by quality controllers, with a rise of 18.4 per cent to £4,500.

The smallest increase — 4 per cent — went to company secretaries, bringing the median up to £5,200.

Job categories with increases in the 15 per cent to 16 per cent area included general managers, training managers, sales managers, mechanical and electrical engineers, technicians, quantity surveyors and metallurgists.

Austin Princess cars get new engines to boost sales

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW range of four-cylinder engines for the Princess range of cars is launched today by *Austin Morris, the recently*-created subsidiary of BL Cars.

The O Series engines, developed with an investment of £38m at the *Longbridge plant* in Birmingham, replace the B Series units used in the present range. Their capacities are 1,700 and 2,000 cc, so the gap at the two-litre level, which has hampered marketing of the Princess, is plugged.

Higher up the range, the 2,200 cc six-cylinder E Series engine will be retained. The *company is confident* that it has overcome the quality shortcomings encountered on the manual version of the vehicle after measures to relocate the engine and drive-shaft units.

The appearance of the new engine will, with some trim alterations on the car, give Austin Morris the opportunity to renew efforts to expand Princess sales in Britain.

Mainly because of unreliability, particularly on the 2,200 manual model, the car has not *quite made the impact first* expected of it.

Competition

The Princess has a market share of about 2.4 per cent in the UK, which suggests sales of about 40,000 units for the full year and a production run of only about 50,000 to make up export sales.

By contrast, the new O Series engine line is capable of producing a little more than 250,000 units a year, although the engine will in due course be going into other cars.

Austin Morris would probably *like to double output of the* Princess if it could expand sales sufficiently at home and overseas. There is a longer-term plan to redesign the car with a hatch back, but meanwhile the company will aim to take fleet sales in Britain away from the upper ranges of Ford Cortina and Vauxhall Cavalier models.

In private sales, it hopes to capture converts from the Audi, Peugeot, Citroen and Volvo imported ranges.

Prices of the new Princess have been aimed at competing with these foreign vehicles. For the five-model range, an expansion of the original four, prices will be: 1700 L £3,725; 1700 HL £3,980; 2000 HL £4,059; 2200 HL £4,389; 2200 HLS £4,889.

The new overhead camshaft engine is also claimed to be much more efficient than the *former unit. It is 10* per cent lighter, partly because of its aluminium head, and gives an official fuel consumption of 29.7 *mpg for the urban cycle* for the 1,700 manual and 27.2 mpg for the 2000.

Fleet customers, however, will be watching keenly to see whether Austin Morris's claims of improved reliability on the car are borne out in practice.

Achieving a smooth launch, a process that eluded the former British Leyland management on many occasions, will be the first big test of the new team which has taken over at Austin Morris.

Companies confident

A HIGHER number of Mersey*side companies increased their* deliveries to the home market in the second quarter of this year, according to an economic survey by Merseyside Chamber of Commerce and Industry.

In the report, published yesterday, the chamber describes these results as "encouraging." But discussing the export market, the survey reports that fewer companies than previously *had shown an increase in orders* and deliveries.

Confidence in the future continued to be shown by local companies with 59 per cent of those surveyed expecting turnover to improve, while on the employment front 67 per cent had held their workforce steady although fewer companies were recruiting labour.

For the birds

THE Mousehole Hospital and Sanctuary for Wild Birds, Cornwall, has been given £10,000, and promised further assistance, by Mobil Oil. For every £2 raised by the sanctuary during the next 12 months Mobil will give an additional £1, up to a maximum of £5,000.

Thames flood move threatened

BY LYNTON McLAIN, INDUSTRIAL STAFF

A PLAN by the Greater London Council to speed the £440m Thames barrier project may collapse because the Port of London Authority says shipping on the river would be endangered.

The barrier is to prevent flooding in London by swollen river levels expected once every 50 years. But in January, more than *five years before the barrier was* to come into use, London came within two feet of serious flooding after exceptionally high *tides whipped by 80 mph winds.*

The GLC said that 1m people and 250,000 homes were in danger. Total losses might have reached £3bn.

The fear that that might recur before the flood defences are *finished persuaded the GLC to* submit a plan to the Government to expedite the project.

Under existing plans, the barrier would be operational by June 1983, two years later than planned. The delay has been *caused by labour disputes and* insistence by the Port of London Authority that the barrier should not, as planned, be built *simultaneously* from both banks.

The GLC agreed to build only from the south bank, giving shipping access to the 650 yard wide river through a 400 feet wide channel near the north bank.

A study has concluded that since January a return to the original plan of building from both banks would advance the completion date from June, 1983 to January, 1982. It would also reduce the navigable channel to 130 feet.

The authority has rejected that. It consulted all shipping interests on the Thames and concluded that with ships of up to 65 feet beam passing up the river each day, there was insufficient margin for safety.

"There would be a very serious risk of ships hitting the concrete structures," the authority said yesteerday.

It was likely that tugs would have to be on constant stand-by during high tides or strong winds. That would raise the cost *of the project, and the authority* said that the GLC would have to foot the bill.

The barrier, which is 75 per *cent paid for by the Govern*ment, has already cost more than planned. In the 12 months to last September, building costs rose by £44m. The revised plan for speeding work is likely to add as much as another £10m, pushing the total cost towards £500m.

Evonne limps through, out goes Nastase

TENNIS

BY JOHN BARRETT

THOUGH the top four seeds in the women's single duly reached the semi-finals at Wimbledon yesterday, the occasion was not *without drama.*

Out on court three, Evonne Cawley, the No. 3 seed, was 2—5 down to Romania's Virginia *Ruzici, who won the French title* last month, when she suddenly clutched the left ankle that has been bothering her for several *months and walked in tears* to the side of the court, where she was joined by her husband, Roger.

After a couple of minutes' delay, in which she stood in serious danger of disqualifica*tion under the continuous* play rule. Mrs. Cawley was able to resume. Her opponent had by then lost her rhythm and concentration so badly that she failed to win another game in that set.

Miss Ruzici went 3—0 ahead in the second set, but again her game fell apart. She failed to win another game and was beaten 7—5, 6—3.

Afterwards Mrs. Cawley said she would be fit enough to play Martina Navratilova (a straightforward 6—2, 6—4 winner over the young South African Marise Kruger) in today's semi-finals.

Asked how her ankle was, she replied "I am coping with it." She explained that she had walked off court because her leg "seized up" and she needed assistance, but not medical attention.

Virginia Wade in full flight against Mima Jausovec.

The other semi-final will be a repeat of last year's classic confrontation between Virginia Wade and Chris Evert.

Miss Wade was in her most convincing form of these championships as she destroyed Mima Jausovec, of Yugoslavia, 6—0, 6—4 in 54 minutes. In one sizzling run in the first set the Wimbledon champion dropped only five points in five games.

It is Miss Wade's fourth semi-final in 17 appearances at Wimbledon. Yesterday she had come to terms with her serving and volleying, and poor Miss Jausovec made a match of it only when she managed to string a few shots together in the second set.

It is three years since Billie-Jean King last beat Chris Evert, and, though she made a determined effort in the second set, she was unable to break that *dismal sequence, going out 6—3,* 3—6, 6—2.

Miss King, whose main hope of picking up that elusive 20th Wimbledon title, would appear to lie in her doubles pairing with Miss Navratilova, had to have another pain-killing injection in her injured heel before the match.

Miss Evert is still not satisfied *with her form.* "I think I will have to play better to beat Virginia," she said. "Billie-Jean told me that, too."

Jimmy Connors continued his assault in the lower half of the men's draw with a clear-cut 6—4, 6—4, 6—2 victory over Raul Ramirez, of Mexico. The measure of Connor's form can be judged from the fact that Ramirez had not dropped a set in his previous four matches, yet here he was totally overwhelmed in 9[illegible] minutes.

Ilie Nastase's gallop was halted in no uncertain fashion at the quarter-final stage by the unseeded Tom Okker, who won a match of much delightful tennis *by 7—5, 6—1, 2—6, 6—3* in 1 hour 45 minutes.

It was Okker's best-ever performance at Wimbledon, where *he has three times* reached the last eight in previous years. The ability of this small, slightly built Dutchman to dominate with his delightfully angled volleys and drop shots was quite remarkable.

● Minutes after Nastase's defeat the International Professional Tennis Council announced that he had been fined $5,000 and suspended for three months for a series of breaches of the code of conduct at Grand Prix tournaments.

PARLIAMENT AND POLITICS

Tory leaders undermining business confidence—Booth

BY IVOR OWEN, PARLIAMENTARY STAFF

CONSERVATIVE leaders were accused of undermining business confidence by Mr. Albert Booth, the Employment Secretary, in the Commons last night when he rejected Opposition charges that Government policies are primarily responsible for the high level of unemployment in Britain.

But his allegations were dismissed as "arrant nonsense" by Tory MPs, who rallied to another call from Sir Keith Joseph, the Shadow Industry Minister, for the creation of a more favourable economic climate to encourage entrepreneurial risk-taking, so as to provide improved prospects for the creation of more wealth and job opportunities.

Mr. Booth cited the campaign against the Employment Protection Act as an example of how Tory MPs preached the importance of business confidence, while practising the undermining of it.

He dismissed the assertions that the Act was militating against an expansion of the labour force, and warned that if "this myth" gained currency it could prove to be a self-fulfilling prophecy.

The Minister pointed to the same danger in the case of repeated Conservative forecasts of rising unemployment, and a return to a higher rate of inflation.

In a significant passage of his speech, Mr. Booth questioned whether the creation of more wealth could be expected to automatically lead to the provision of more jobs, and spoke of the need for real and socially desirable alternatives to both employment and unemployment, which would create more jobs.

He said that, in this area, Government thinking embraced the possibility of early retirements, a shorter working week, and wider educational opportunities.

The Minister stressed that 44 per cent of Britain's labour force was employed, either temporarily or full time.

This was a higher percentage that that achieved by any of our major competitors, with the exception of Japan.

He reminded the Opposition that while Sir Keith Joseph criticised the Government for providing grants and subsidies to industry, many Conservative MPs had sought Temporary Employment Subsidy for businesses in their constituencies.

The managers of some 4,000 firms had come forward for assistance under legislation passed by the last Conservative Government as well as under legislation carried through by the present Government.

Mr. Booth refused to accept the validity of the statistics on which Conservative MPs based claims that unemployment was relatively worse in Britain than in most other OECD countries. The UK was a good place to invest, he added.

An example of this, he said, had been provided by the decision of Fords to site a new plant in South Wales. This was not because the company wanted to provide 2,500 more jobs in that area but because it believed that it was the best place to secure the production it required.

Launching the Opposition attack, Sir Keath continued that over the past four years Ministers had produced a constant series of false judgments, false optimism and false promises.

Yet everything pointed to Mr. Booth rehearsing the same excuses, evasions and failed panaceas.

Jobs in the trading sector, said Sir Keith, were dependent on winning custom at home and abroad. In the public sector jobs depended on success in the trading sector.

Sir Keith repeated his view that in the aggregate the harm done by grants and subsidies provided by the Government outweighed the good.

Subsidies only rescued some jobs at the expense of other jobs. Such support from the State also had the effect of distracting management and workers from putting their own house in order by co-operation between themselves.

High spending, high taxation and high borrowing must lead to high unemployment, Sir Keith said.

But he admitted that monetarism alone was not enough. It must be accompanied by a much lower level of Government spending, by incentives, by a lower level of controls, regulations and legislation.

Sir Keith recalled that the Tories had applauded the speech made by the Prime Minister at the Labour Party Conference in Blackpool in 1976, when he publicly recognised that a government could not spend its way out of unemployment.

Now with the election nearing, the savings that had been achieved following the pressure exerted by the IMF were being reversd, and public spnding was rising.

Liberals gain debate on Scots voting

By Richard Evans, Lobby Editor

THERE WILL be another free vote in the Commons tomorrow on the use of proportional representation in the elections to the proposed Scottish Assembly, following publication yesterday of Government plans for debating more than 150 amendments to the Scotland Bill made by the Lords.

The Government has agreed to a separate debate on proportional representation on the first of three days of discussions on Lords amendments following representations from the Liberals. In spite of Liberal hopes there is expected to be a substantial majority against the system in both the Government and Opposition parties.

The 156 amendments have been grouped over the three days to try to ensure discussion of subjects which were not debated by MPs because of the operation of an earlier guillotine.

The guillotine motion, probably the last major hurdle the legislation will face before becoming law at the end of the session, was being debated by MPs last night.

The one remaining question mark hanging over the legislation, which Ministers regard as vital to Labour's electoral prospects in Scotland, is the attitude of the Lords.

If, as expected, most of the amendments of any consequence passed by the Lords are rejected by the Commons some peers will want to send the amendments back again in protest.

But the belief in both Houses is that although the legislation might be delayed by this "ping pong" process it will certainly be on the statute book by the time Parliament rises at the end of July or early in August.

Apart from proportional representation there will be debates tomorrow on the competence of the Scottish Assembly to scrutinise Bills and on the role of the Edinburgh executive.

In the second day's debate to be held next week there will be debates on Assembly pay, the position of Orkney and Shetlands, tax-raising powers, and the voting of Scottish MPs.

The Government is expected to reject a Lords amendment proposing a second vote in the Commons if an issue of English significance is carried on the votes of Scottish MPs.

The third day's debate will include discussions on the referendum, abortion and subjects taken away from the Assembly's control by the Lords including forestry, airports and island waterways.

Callaghan 'arrogant' on Boyle decision

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER, usually the most surefooted of politicians, slipped up badly in the Commons yesterday over the Government's decision to implement in three stages the Boyle recommendations on pay for top public officials.

In an attempt to duck the issue, he brushed aside a question on the subject from Mr. Jack Ashley (Lab. Stoke on Trent), a moderate and highly respected figure in the parliamentary party.

This brought an accusation from Mr. Ashley that Mr. Callaghan was behaving in an arrogant manner and ignoring the legitimate concern of Labour backbenchers.

Left-wingers joined in to support Mr. Ashley and—far from avoiding trouble—the Prime Minister found himself in an even more embarrassing fix.

Mr. Ashley suggested that now that the Cabinet had shown its concern for the top-salaried people, it was time to consider the plight of the lower-paid workers.

He asked Mr. Callaghan to support the concept of a national minimum wage, which had been recommended by the TUC but rejected by the Government.

According to Mr. Ashley, some people who worked at home were receiving less than £10 for a 50-hour week.

In an unusually terse reply, the Prime Minister said there would be an announcement today on the conditions of home-workers.

It is understood that this will come in a written parliamentary answer, and is expected to deal with stricter enforcement of regulations protecting home-workers.

On the question of the Boyle Committee, Mr. Callaghan said: "The complications of incomes policy and pay cannot be discussed in reply to a question here this afternoon."

At the end of Prime Minister's question time, Mr. Ashley raised the matter with Mr. George Thomas, the Speaker, and complained that Mr. Callaghan had given "a display of arrogance" in refusing to give a full answer.

He said he could understand that the Prime Minister preferred to deal with "enthusiastic party points," rather than critical questions, especially when they related to the problems of the lower-paid.

Accusing Mr. Callaghan of a "patronising" attitude he said: "There is no point in backbenchers putting questions down if the Prime Minister is going to act in this arrogant and ill-considered manner."

Earlier, the Prime Minister found himself on the defensive when he clashed with Mrs. Margaret Thatcher, Leader of the Opposition, over inflation.

Mrs. Thatcher reminded him that wages in the present pay round had increased by 14 per cent and she wanted to know, in view of this, what his forecast was for the rate of inflation next year.

There was Tory laughter when the Prime Minister said that he could go no further than the rest of this year, when the Government hoped that inflation would remain at 7 to 8 per cent or "round about there."

The rate of inflation next year depended on the level of sterling, the cost of imported raw materials and the level of wages.

This was not good enough for the Leader of the Opposition. She recalled that in a New Year broadcast, the Prime Minister had stated categorically that inflation was a direct result of the level of wage increases. If wages went up at 10 per cent or 30 per cent, then prices went up by exactly those amounts.

There were more jeers from the Tories when the Prime Minister conceded: "There is a rough relationship between them. That is why the Government is anxious to secure 10 per cent increases this year and keep it within single figures."

The fact that wages were turning out higher than 10 per cent clearly worsened the position regarding inflation, he admitted.

"I have never hesitated to point out to the country the consequences of this, and shall continue to do so. The Government will continue to work within the limits of a free society in which a great many bargains are struck where the Government has no influence at all.

"The Government will continue to work for the maximum moderation in order to prevent inflation returning to double figures."

Changes in rules for drivers

DRAFT REGULATIONS to harmonise EEC law on drivers' hours with domestic legislation, and to give effect to exemptions from EEC rules which have been agreed with the European Commission, were announced yesterday.

Mr. William Rodgers, Transport Secretary, said in a Commons written reply that until final decisions were made he would not want anyone to change operating practices "in respect of vehicles and purposes for which derogation is possible."

While the EEC rules supersede many of the provisions of the Transport Act 1968, certain limits on the duty time of drivers remain in force.

The 1938 Act also remains fully in force for drivers of vehicles outside the scope of the EEC rules.

It is, therefore, necessary to make provision for drivers who switch between the two codes.

The Minister said separate regulations would be made for Northern Ireland "in due course."

Manifesto group attacks Conservative opportunism

BY RUPERT CORNWELL, LOBBY STAFF

THE RIGHT-WING Manifesto group of Labour MPs yesterday issued a pamphlet attacking the Conservatives and accusing them of "confusion, division and sheer opportunism."

The accusations came in a document called, The Wrong Approach—And Exposure of Conservative Policies, a direct response to the lengthy Tory policy statement The Right Approach drawn up in Autumn 1976 which is expected to form the basis of the party's manifesto for the next general election.

The pamphlet, which runs to 44 pages, is outside the normal run of inter-party warfare in that it exhaustively challenges Tory policy on a host of issues ranging from law and order, social services to immigration and the economy.

In every case it backs up its assertions with quotes from senior Conservatives.

The exercise also has its deeply serious side. Mr. John Cartwright, the group's chairman and Labour MP for Woolwich East, warned last night that Labour lost the 1970 election, again to a Conservative opposition presenting a largely Right-wing image, because it failed to display to the electorate what a Tory Government would mean.

It would be tempting, he said, to assume that the British people could not make the same mistakes again.

"But no-one in the Labour Party should be as confident of victory as that. The election will almost certainly be in October, and unless we hammer home exactly what the Tory party is today, we could easily find ourselves back in opposition in the autumn."

Mrs. Thatcher has to win, says the pamphlet, to save the Conservatives from the fate of becoming a party out on a limb, living off a nostalgic Right-wing ideology, with few leaders left to remember what it was like to serve in office.

It points out the apparent contradictions in Conservative policy on industrial relations, and highlights the rift in the party between the Right-wing monetarists and those attracted to interventionism and incomes policy.

The Tories are accused of promising large tax cuts but without explaining how they can be afforded, of not saying where its promised public expenditure cuts will fall.

They are divided on devolution, states the pamphlet, and cynically playing on racial prejudices at the expense of good race relations in an attempt to win votes on the immigration issue.

"Is it any wonder that this mess of confusion, division and sheer oportunism should make even the stock market run for cover whenever a Tory Government looks imminent?"

No date fixed for Press Charter

BY OUR PARLIAMENTARY STAFF

THE PROPOSED Press charter will include safeguards for the freedom of the Press, as well as dealing with the issue of the closed shop, Mr. Harold Walker, Minister of State for Employment, told the Commons yesterday. However, he was still not in a position to be able to say when the draft charter would be published.

Mr. Walker re-affirmed his view on the question of a closed shop in the newspaper industry.

He said journalists should not have the right not to belong to a trade union. Such a provision would be a repeat of the "follies of the Industrial Relations Act."

Mr. Fred Silvester (C, Manchester Withington) said it was disgraceful that the Government should hesitate in making clear its attitude towards the freedom of the Press and the closed shop before the end of the Parliamentary session and possibly a general Election.

Mr. Walker said that Fleet Street's inability to speak with a unified voice had delayed matters and it made sense to wait for the report of the Royal Commission on the Press before setting in hand the lengthy consultations necessary.

He could not say when the draft charter would be published.

In later exchanges Mr. Ron Thomas (Lab., Bristol North-West) claimed that lack of freedom of the Press was due to the fact that the bulk of the newspapers in this country were controlled by a very small number of powerful interests, rather than the effect of trade-union agreements.

Mr. Walker assured him that the statutory requirement to produce a Press charter went beyond the application of the closed shop to the wider issue of Press freedom and any improper pressures which might be applied.

He hoped that those who were concerned about the closed shop would not reject the valuable safeguards for freedom of the Press which would be put forward by the Government.

Motoring gimmicks attacked

A DEMAND for Government action against motorists who display waving hands, skulls and flashing lights in their car windscreens and rear windows came from an MP yesterday.

Mr. Tom Normanton (C Chadle) claimed the practice endangered road users. He described the hands, "grimacing" skulls, "frolicking figures," lights, and other eye-catching displays which obscures drivers' vision as "distracting and misleading gimmicks."

He said that Mr. William Rodgers, Transport Secretary, should discourage the practice and if necessary make it illegal.

Mr. John Horam, Transport Under-Secretary, pointed out that the Highway Code reminded drivers of the need to keep screens and windows clean and clear.

In a Commons written reply he said that under existing regulations window glass must be maintained so that vision is not obscured while a vehicle is being driven.

Anglo-Soviet deal contracts for £440m

CONTRACTS VALUED at £440.8m have so far been placed under the Anglo-Soviet trade agreements, Mr. Edmund Dell, the Trade Secretary, said in a Commons written reply. This leaves a balance of £509.4m available.

Since the beginning of 1977 orders have been signed between UK companies and USSR trading organisations for the supply of cigarette-making machines valued at £7.8m; gas compressor pumps and station equipment valued at £87.4m; a high density polyethylene plant valued at £46.2m; two methanol plants together valued at £174m and equipment for two tyre factories valued at £23.8m and £54.1m.

The balance is represented by eight separate contracts for various types of capital equipment, ranging in value from £2m to £13m.

Euro election confirmed

REPORTS circulating among socialist groups in Europe cast doubt on the June, 1979, target date for direct elections to the European Parliament, Mr. Dennis Skinner (Lab Bolsover) claimed in the Commons yesterday.

He said: "There is now an element of doubt as to whether the June date can now be satisfied."

He said there had been reports submitted to the socialist groups suggesting that there were "technical" reasons why that date could not be met.

Mr. Frank Judd, Minister of State, Foreign Office, said: "I know of no reason why June should not be met as target date.

The Government was committed to that date, he added.

More police cadets plan

The Metropolitan Police force is stepping up recruiting cadets.

Mr. Merlyn Rees, Home Secretary, said yesterday that the force might take on up to 1,300 cadets this year. This compared with an intake of 347 in 1977, he said in a Commons written reply.

"A vigorous publicity campaign has been mounted to encourage applications," he said

Fewer courts martial

A SMALL fall in the number of servicemen facing courts martial was disclosed by a Minister yesterday.

In a Commons written reply to Mr. Tom Litterick (Lab., Selly Oak) Dr. John Gilbert, Defence Minister, said 1,489 personnel had been tried over the past 12 months, compared with 1,565 the previous year.

Seat belts campaign

THE PUBLICITY campaign to encourage seat belt wearing is costing £1.1m, Mr. William Rodgers, Transport Secretary, told the Commons, in a written reply.

City seminar

MR. PETER SHORE, the Environment Secretary, is to address a consultation on inner city involvement, attended by self-help groups, voluntary organisations and local authorities, in London on July 14.

Television move rejected

A TORY MP yesterday painted a picture of a Westminster Palace of Varieties at work, with budding actors, and MPs jockeying for position to get into the picture.

"It would be a non-stop variety show, comparable to the old English sports of cockfighting and bear baiting," warned Mr. John Stokes (C, Oldbury and Halesowen).

He was speaking on a bid by Mr. John Farr (C. Harborough) to introduce a Bill to have Parliament televised.

Mr. Farr said cameras would "correct the present unhappy situation."

Mr. Farr said: "There has been general dissatisfaction with sound broadcasting and many people generally find it incomprehensible."

Television, he said, would show the public that the Commons was a viable, effective and democratic debating chamber.

But Mr. Stokes predicted that some MPs would try to look and speak like Laurence Olivier.

Viewers would be more interested in what a woman MP was wearing than what she was saying. And MPs would crowd behind a speaker so their constituents would see them on screen.

He was cheered when he added that television already intruded almost everywhere—except the bedroom and the bathroom.

The Commons only allows 10 minutes for a private member to convince MPs that he has a case for a private members' Bill so no other opinions were given.

The voting was 181 to 161, a majority of 20 against allowing Mr. Farr to introduce a House of Commons (Televising of Proceedings) Bill.

APPOINTMENTS

Sir Jack Wellings to head construction working party

The National Economic Development Office has announced the appointment of Sir Jack Wellings as chairman of the CONSTRUCTION EQUIPMENT SECTOR WORKING PARTY. Sir Jack, who is chairman and managing director of the 600 Group, also serves as a part-time member of the National Enterprise Board.

★

Mr. Denys Milne, chief executive and managing director of BP Oil, has become president of the INSTITUTE OF PETROLEUM, in succession to Mr. John Greenborough, a deputy chairman of Shell UK and president of the Confederation of British Industry.

★

Mr. M. Defriend and Mr. M. J. B. Green have been appointed to the board of KLEINWORT BENSON. The following have been made assistant directors: Mr. P. F. G. Barnes, Mr. M. J. N. Barnett, Mr. S. R Barrow, Mr P. Guy, Mr. B. W. J. Manning, Mr. J. F. Nelson, Mr. P. J. Parsons, Mr. P. J. M. Prain, Mr. P. R. Rickwood, Mr. T. H. Rose, Mr. R. C. Ryder and Mr. D. C. Wake-Walker.

★

Mr. Cyril Aberdein, a director of Brent Chemicals International, and managing director of its Savilles Hydrological Corporation subsidiary, has been appointed national chairman of the ALLIED BREWERY TRADERS' ASSOCIATION.

★

WILLIAMS AND GLYN'S BANK has made the following appointments: Mr. A. G. Pollard as divisional director, International Banking Division; Mr. J. A. Brooks as a deputy director in the International Banking Division; Mr. E. J. Fowles as deputy director and head of Investment Division; Mr. D. V. Latham as deputy director and head of Trustee and Taxation Division. From July 12 Mr. W. Allen becomes a deputy director in the International Banking Division.

★

Mr. Michael Thompson has been appointed chairman, and Mr. Malcolm Horton managing director, of WILLIAMS LEA AND COMPANY, a subsidiary of the Williams Lea Group.

★

Mr. Robert G. Baynham, formerly managing director of the Slimma Group, has been appointed managing director of WETHERALL BOND STREET W1, part of the Baccarat/Wetherall Organisation.

★

Mr. Alex Houseman, who has been appointed to the Board of RECORD RIDGWAY as a non-executive director, is chairman of W. Canning Ltd., and not, as the company previously stated, of W. E. Canning Ltd.

★

Mr. Bjorn Bryn has been appointed chief executive of all KEITH PROWSE travel divisions. Mr. Ray Swart's employment with the Keith Prowse Group of Companies has ended by mutual agreement.

★

Lord Charteris of Amisfield, who has been elected a director of CLARIDGE'S HOTEL and of the CONNAUGHT HOTEL, was private secretary to the Queen until his retirement in 1977.

★

Mr. Howard Thomas, chairman of Thames TV, has been made president of the RADIO INDUSTRIES CLUB OF GREAT BRITAIN in succession to Mr. Douglas Muggeridge, deputy managing director of BBC Radio. Mr. John Record, national sales manager, Thorn Industries, has succeeded Mr. [illegible] Pedersen, of Antiference, as RIC chairman.

★

HOPS MARKETING BOARD. The [illegible] of Selborne has been appointed chairman in succession to Mr. F. R. Scott, who has retired from the Board. Mr. J. F. M. Bles, district member, continues as vice-chairman, and the Board has co-opted Mr. A. E. Redsell to fill the East Kent district member vacancy following the retirement of Mr. Scott. Mr. D. S. Clarabut, special member, succeeds Mr. David Galloway, who has retired.

★

Mr. Peter Prince has been appointed chairman of the FOOTWEAR, LEATHER AND FUR SKIN INDUSTRY TRAINING BOARD. He succeeds Mr. John Tusting, chairman of the Board for the past three years. Mr. Prince, a chartered engineer, has held a number of senior appointments with C. and J. Clark, and has been a member of the Board since it was set up in 1968.

★

Mr. Douglas Moat has been appointed an executive director of the CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY. An assistant general manager since 1975, Mr. Moat is responsible for marketing and sales.

★

Mr. Tom Roberts has been appointed deputy general manager (UK) of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION. He was previously assistant general manager (UK) in 1973.

★

BURNLEY BUILDING SOCIETY: Mr. G. S. Dauby has been made a deputy general manager. Mr. A. W. Halstead, Mr. D. H. Booth and Mr. T. J. Webb become assistant general managers. Mr. K. Rushworth, the general manager, has been co-opted to the Board of directors.

★

Mr. Phil Claydon, who joined BRITISH OLIVETTI as marketing manager in January, 1976, has taken over its data processing operations.

★

Mr. Donald M. de Groot [illegible] joining the partnership [illegible] E. B. SAVORY MILLN AND [illegible] on August 1.

★

Mr. D. M. Shalit has been appointed deputy chairman [illegible] Mr. M. D. Dove technical director, of WAINCO PRODUCTS [illegible]

★

Mr. H. Ogus has been elected chairman of the general lighting section of the LIGHTING INDUSTRY FEDERATION. Mr. [illegible] Cooke-Yarborough has been made vice-chairman. Mr. Ogus is director of Poselco. Mr. Cooke-Yarborough is a director of Con[illegible] light.

★

FULTON PACKSHAW LEASING has appointed the following to its Board: Mr. E. H. N. Davies [illegible] Walshaw (managing), Mr. J. [illegible] Blackburn (administration), and Mr. C. F. Tippett.

★

Mr. Norman R. Freedman has been made secretary of the [illegible] LAND INDUSTRIES GROUP.

★

Mr. Edgar Pickering has resigned from the Board of EDGAR PICKERING (BLACKBURN) [illegible] the Boards of all its subsidiaries [illegible] Mr. R. G. P. Dobson has been appointed sales director.

LABOUR NEWS

Dockyard strikes for a day

By Philip Bassett, Labour Staff

SIX THOUSAND workers at Portsmouth dockyard responded yesterday to the Government's second 10 per cent pay offer to 183,000 industrial civil servants, by holding a one-day strike.

It was the second one-day stoppage by the Portsmouth dockers in support of the claim by the industrial civil servants, who form one of the largest groups still to settle under stage three of the Governments' pay guidelines.

The dockers claim to be £20-a-week behind comparable workers outside the Civil Service. As well as the two strikes, they have banned overtime, worked to rule, and held walk-outs in support of the claim.

The offer, rejected by union leaders, would give an overall net increase to manual workers of £1.10. It does not consolidate the £9 from pay policy supplements. A pay comparisons system with private industry is also offered. No date has been set for resuming talks.

Unions representing the manual staff want firm commitments on pay comparisons and increased holidays. The comparison proposals made in the rejected offer would, like those for white-collar civil servants, be subject to any Government pay policy in force.

The unions would like similar assurances on pay to those made to the police, firemen, teachers and armed forces.

Industrial action on the pay claim has been sporadic so far, and not organised by any of the unions involved. Workers in arms factories, dockyards, naval bases and a submarine base have already taken action. Firemen and fuel loaders at RAF bases, together with messengers and doormen in Whitehall, could become involved.

Morale of doctors low BMA says

By David Churchill

THE MORALE of doctors and others who work in the National Health Service is at a low ebb, the British Medical Association said yesterday.

Its comments came as a damper to the celebration today of the 30th anniversary of the Health Service.

The BMA said yesterday that the anniversary "cannot be an occasion for rejoicing but must be a time for serious appraisal of how to provide the additional resources for the service that it needs so badly, and how to give the morale of all Health Service workers a much needed boost."

The BMA is the only one of the main trade unions with members in the Health Service which has refused to sign a letter of commitment to the Health Service sent to the Prime Minister on Monday.

The letter warns that workers' goodwill "is not inexhaustible" and argues that "resources must be willed and provided." The commitment by representatives of those who work in the Health Service was the idea of Mr. David Ennals, Health Secretary.

But the BMA felt that it was unwarranted to mark the 30th anniversary in this way when the Health Service was facing crucial problems of finance, administration, and industrial relations.

"Ever since 1948, doctors have striven, often far beyond the call of duty, to make it succeed." But the BMA repeats its view made to the present Royal Commission on the National Health Service that doctors knew that the Health Service was failing to provide the service which patients had been led to expect.

Vital Westland meeting today

BY NICK GARNETT, LABOUR STAFF

A CRUCIAL meeting will be held today between management and national union officials over the serious pay problems facing Westland Aircraft's Yeovil helicopter factory.

Westland still intends issuing dismissal notices to its 2,000 manual workforce if a long-running disagreement over piece work is not settled.

The company has already warned that the future of its helicopter operations has been jeopardised and workers have received warnings that they face dismissal.

Today's meeting in London, which will involve shop stewards as well as local and national officials, is in effect a reconvening of a similar meeting at the end of February which failed to find a solution.

The company wants to scrap its piece-work system but shop stewards say this would cause a severe drop in wages. A mass meeting of the manual labour force last week reaffirmed their opposition to the company's proposals.

Mr. Mike Webber, the shop stewards' convenor, said yesterday that the stewards were not hopeful the meeting would produce a solution. "It would take a remarkable change in the attitude of the management."

Stewards and workers are also hoping to lobby MPs at the Commons today.

Westland believes that the scrapping of piece work would help the company out of its problems and secure the future of helicopter manufacturing in Yeovil.

It has warned that profits this year are likely to be disappointing because of the pay dispute. The company's difficulties centre on a Ministry of Defence contract negotiated in 1973 to supply Lynx helicopters to the British and French forces.

The company made provisions last year to cover fixed price elements in the contract, which had been overtaken by inflation, and also to cover the rising wage bill at Yeovil.

Westland says wage cost increases have not been matched by increased productivity and has been trying to abolish the existing piece work scheme for 18 months.

The unions say the scrapping of the system could result in a wage cut for skilled men of up to £23 a week.

Work-to-rule journalists offered pay arbitration

BY OUR LABOUR STAFF

THE Advisory, Conciliation and Arbitration Service yesterday offered to assist in the Press Association dispute in which journalists are working to rule over a pay claim.

The news agency has been providing only a restricted service to provincial and national newspapers, radio and television for nearly two weeks since 240 members of the National Union of Journalists decided "to withdraw flexibility and goodwill" in support of pay parity with other Fleet Street journalists.

Further sanctions yesterday were said to have severely hit coverage of racing and sports events. The intensified action has meant journalists banning overtime and last-minute changes in shift work.

The journalists' claim for a £2,000 a year increase to bring them up to average pay levels in Fleet Street has been rejected by management which feels the increase would be in breach of the Government's 10 per cent pay guidelines.

The journalists claim that the rise is necessary to attract recruits of the right calibre.

Hoverport opening delayed

BY OUR LABOUR CORRESPONDENT

THE OPENING of British Rail's new hoverport at Dover had to be abandoned yesterday because of a dispute involving hovercraft engineers.

What should have been the first scheduled passenger operation of the new stretched hovercraft, Princess Anne, was also halted by the action, and passengers booked to travel by hovercraft were transferred to Channel ferry services.

The 80 engineering staff, mostly members of the Transport Salaried Staffs' Association, are demanding pay parity with engineers who work on Sealink ferries.

Steel chief expects Bilston talks will start soon

By Our Labour Correspondent

BRITISH STEEL Corporation hopes to agree a "reasonable time scale" for discussions on the future of the Bilston works in the West Midlands at its next meeting with union leaders, Sir Charles Villiers, chairman, said yesterday.

The corporation was threatened with a national strike last week after a Bilston union official received a letter from a local manager calling for talks on the phased closure of the works. Leaders of the Iron and Steel Trades Confederation lifted the strike plan after the letter was withdrawn.

British Steel told union officials this year that it wants to close the Bilston carbon steels plant, with the loss of 2,400 jobs, by next March, but the matter is still under discussion and Sir Charles denied yesterday that an order to shut the plant had been given.

"No instruction could have been given without violating procedures for consultation at national level, which simply has not taken place," he said.

'Misinterpreted'

The local letter had been misinterpreted. It had been withdrawn to allow consultation to proceed in a proper atmosphere. Sir Charles stressed that, although he had worked very closely with Mr. Eric Varley, Industry Secretary, throughout the crisis facing the steel industry, it had been a corporation decision to withdraw the letter.

He added that the next step—as it had been since May when British Steel told the unions nationally that it believed the closure of Bilston was necessary—was to hold discussions with the TUC steel committee. He hoped this could be arranged quite soon.

Meanwhile, there remained the problem of finding an economic load for Bilston, which had been preferentially loaded, at the expense of other plants, to preserve a reasonable atmosphere for discussions in increasingly difficult trading conditions.

● British Steel last night concluded another works closure arrangement. Agreement was reached with local union officials for the closure of Treorchy Works, South Wales, where 300 shop-floor workers and staff are employed, on September 30. Redundancy and compensation terms have been agreed.

Urgent action called to end hospital labour troubles

BY PAULINE CLARK, LABOUR STAFF

URGENT ACTION to improve the industrial relations structure of the National Health Service is being sought by the Advisory Conciliation and Arbitration Service in a report published yesterday.

It warns of a further deterioration in hospital standards if remedies for labour troubles are not quickly found.

The ACAS report is to be submitted to the Royal Commission on the National Health Service, and the outcome is expected to be with the Department of Health and Social Security by next February.

It comes on the eve of the 30th anniversary today of the NHS, which this year saw increasing demands from unions, professional staff organisations and MPs for a solution to the wave of industrial disputes hitting hospitals.

The report emphasises serious organisational shortcomings in the industrial relations structure and concludes that the NHS has reached the stage when it should review both its policies and practices.

"Unless effective remedies are introduced urgently, we can see little prospect of avoiding continued deterioration in industrial relations with associated frustration of management and staff, increased labour turnover and noticeably poorer quality patient care."

It suggests that ACAS might help the health authorities to take the lead in establishing central guidelines "for a more comprehensive and co-ordinated industrial relations policy" and identify a range of problems in the present structure.

Weaknesses

In particular, it criticises present procedures for not being sufficiently clear, consistent or effective and for functioning only in the national machinery instead of meeting the need for local collective bargaining and consultative machinery.

On the management side, the chief problems are said to centre again on weaknesses in organisation but also on poor communications and the need to give personnel officers more authority to implement policies.

Amid the general organisational shambles, the functions of trade unions are also said to be suffering from lack of clear rules on union membership agreements and lack of co-operation between TUC-affiliated trade unions and non-affiliates in most local joint machinery.

A remedy for these problems could be helped if the chain of organisation in the NHS were shortened and if a central co-ordinating policy were available.

Underlining the need to recognise the changes in the NHS since it was created in 1948, ACAS explains that at that time it was "a unitary organisation—a family affair in which staff goodwill was expected and largely granted."

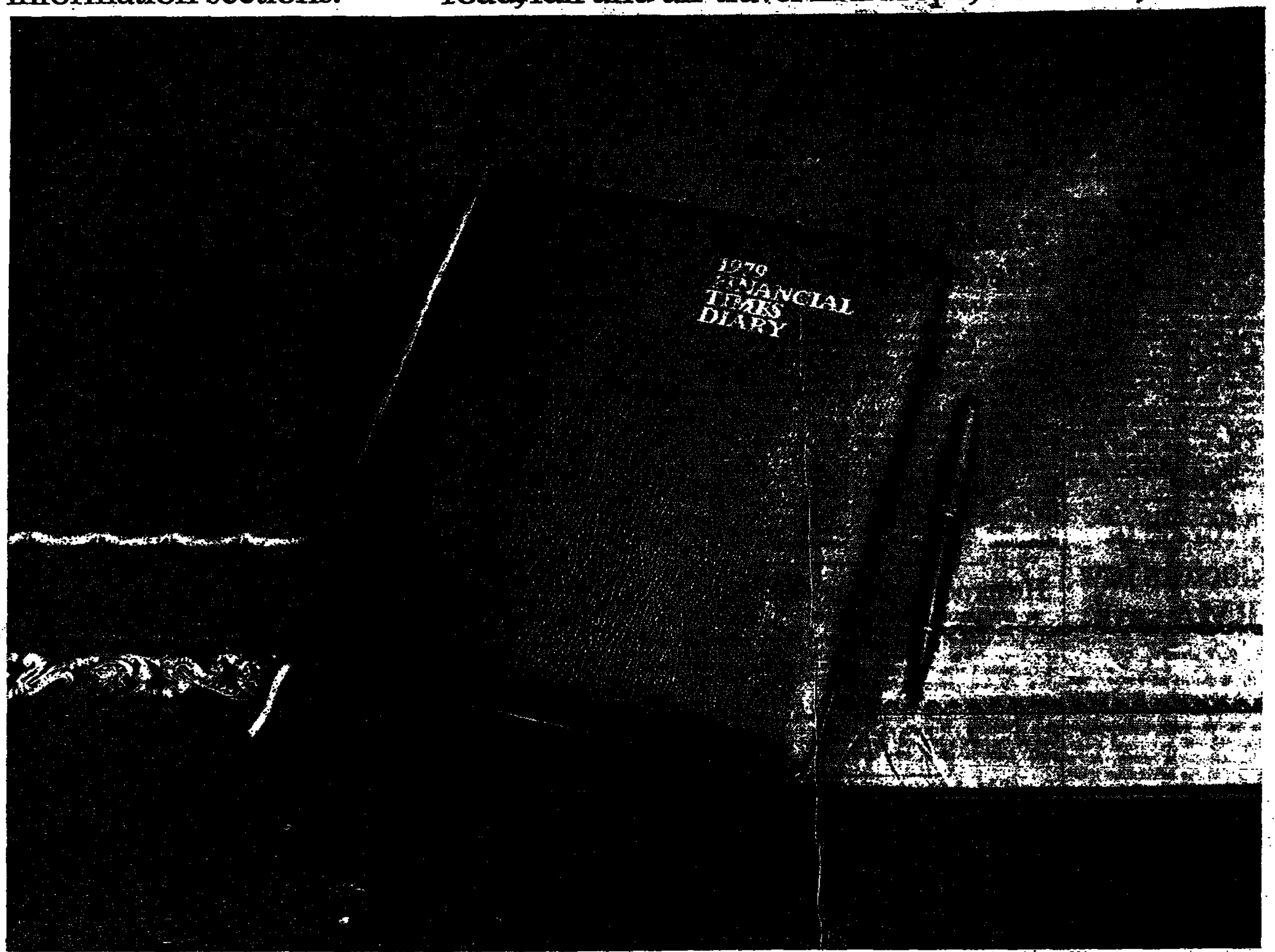
It was now clear that many NHS workers felt that their goodwill had been abused and that they were wrong in assuming that the service could ever hope to act in the best interests of staff if the patient was always to have priority.

The 1979 Financial Times diary shows a number of improvements over the 1978 Financial Times diary.

Firstly, design.

We commissioned James Shurmer, who has produced work for the National Gallery, to completely revise the interior styling.

He provided us with a nicely understated thin-line treatment of the main diary, together with a matching design for the information sections.



Secondly, it occurred to us that there were insufficient months in the year.

Hence the 1979 FT diary starts on November 27th, 1978, and finishes on February 3rd, 1980.

So you can slip into 1979 whenever it suits you.

We've also extended the business information section. It gives a comprehensive list of useful information sources in thirty countries of the world.

You can trace anything from a Belgian consumers' association to a Polish translation agency.

On the subject of translation, the diary also contains a French and German business vocabulary covering everything from 'cash' to 'collateral'.

It could help make letters from abroad a lot easier to understand.

Next, we thought we'd put an end to writer's cramp.

To save you having to copy out hundreds of addresses and telephone numbers at the end of each year, we've incorporated a detachable address booklet.

Now, on the assumption that you do a fair bit of travelling, we've listed the passport, visa and vaccination requirements of all major countries, along with world time-zones and air-travel distances. There is also a superb 48-page colour atlas.

Statistics, we thought, were vital.

In the 1979 FT diary you'll find an 18 page section containing analysis charts, monthly expense sheets, weights and measures, metric conversion tables, both metric and imperial graphs, and international clothing sizes.

Finally, we decided that no-one wants a marker-ribbon that falls to bits, so we've attached a non-fraying marker ribbon.

In addition to the desk diary, there's a slim pocket diary and wallet, in black leather, with strengthened corners and real gold lettering.

It contains a colour map of the City of London, tube and inter-city maps, a list of recommended hotels and restaurants, information on road, rail and air travel in Europe, calendars, world time zones and metric conversion tables.

We've also designed an attractive matching address book.

If required, the desk diary, pocket diary and address book can all be gold-blocked with either your initials or company name and logo.

So you can give either yourself, your staff or your best clients a personalised gift.

Which will add a very nice perspective to any desk top.

FTI

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Management

EDITED BY CHRISTOPHER LORENZ

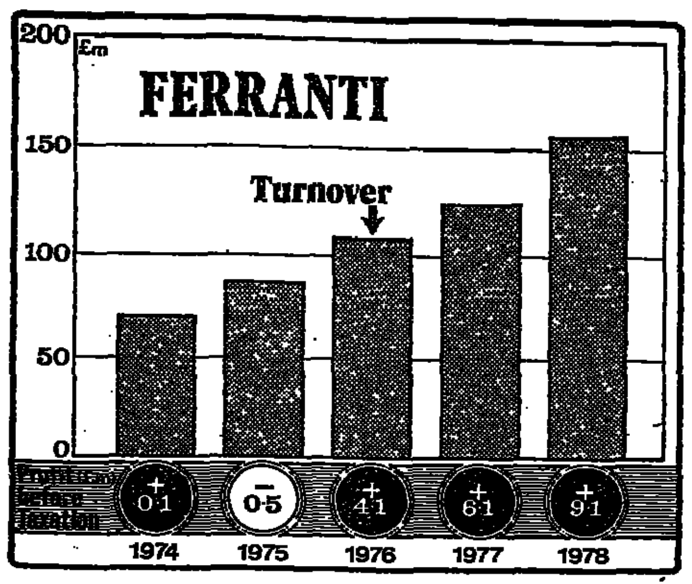
Ferranti: too early for euphoria

BY MAX WILKINSON

DEREK ALUN-JONES the managing director of Ferranti, has a relaxed and open friendliness which makes his rather spectacular rescue of the electronics group sound deceptively simple.

And in a sense, the recent sharp improvement in profits should be seen only as the first phase in the company's recovery and its need to achieve a place in world markets to match its undoubted technical abilities. With improved cash flow and reasonable profitability, Ferranti is now in a much better position to succeed than it was when Mr. Alun-Jones was brought in three years ago. But it would be unrealistic to ignore the fact that it has a long haul ahead.

Of his achievement so far Mr. Alun-Jones says: "It was really a question of establishing detailed targets, giving managers responsibility and trying to improve margins and return on capital involved in all parts of the business. Beyond that it is a matter of trying to make more good decisions and fewer wrong decisions."



Mr. Alun-Jones's strategy of devolving almost complete control to the heads of the six divisions while at the same time tightening up the detailed financial reporting to the centre, has clearly been successful.

From the point of near collapse in 1975, when the company made a loss of £500,000 on a turnover of £86m, sales have nearly doubled and profit has climbed to £11m pre-tax.

Preliminary results for 1978 appear to show that the recovery is gaining momentum — with a 63 per cent increase in profit after tax and a 25 per cent gain in turnover.

Morale booster

Obviously these results are a morale booster for a company which went through a period of harrowing uncertainty before the Government provided £15m in 1975 to rescue it. The figures put the company in a good position to seek a Stock Exchange quotation, which it intends to do probably in mid-September.

When this happens the 12½ per cent of non-voting shares held by the National Enterprise Board will be enfranchised and offered to existing shareholders. The Enterprise Board already has half of the voting shares, and it will probably keep this proportion after the shares are floated on the market.

Because of the excellent performance of the company this year the proposed listing has attracted a great deal of interest. But it would be wrong to be too euphoric about Ferranti just because it is now under sound financial management.

For Mr. Alun-Jones's new style of management has not magically overcome the long-term problems facing the company, which, compared with its U.S. rivals, is still a small fish in a very big pool. Indeed, Mr. Alun-Jones is himself suitably cautious about the future—though by no means pessimistic.

He points out that after taking account of inflation last year's sales growth was about 10 to 12 per cent in real terms. And he believes future growth will be limited by the company's ability to attract skilled engineers and computer programmers which are in short supply in the UK.

Last year, for example, the company would have liked to hire 500 more skilled people than it was able to. "In the short run this was no bad thing. It put pressure on the divisions so that everybody had to work a little harder. Somehow even if you are short of people, you still get the job done." But in the longer term, shortage of skilled manpower could become a serious limitation, as indeed it could for all the other electronics companies in Britain.

This is perhaps one reason why Ferranti is unlikely to take off spectacularly into new areas of operation. Its future looks much more like consolidation and steady attempts to expand the markets it finds most profitable, particularly military electronics, avionics and computer systems.

Another reason to expect consolidation is that Ferranti has inherited a very wide product range from the days when, as one commentator put it, it was run "by engineers for engineers." Its justified pride in being at the frontiers of technology has to be set against the fact that in many of those frontiers it is up against competitors ten times its size.

In some areas, like military electronics, inertial navigation systems, traffic control schemes and sophisticated industrial process control, Ferranti can hold its own with any company in the world. On the other hand it has to be remembered that of its six divisions, only three are making a strong contribution to profits, though none of them is now making a loss.

The Scottish division, which concentrates on avionics, contributed about 35 per cent to this year's pre-interest profit of £11m. The next best performer was the computer group with about 27 per cent, and the Canadian division with about 18 per cent.

Derek Alun-Jones — spectacular rescue, but a long haul ahead.

The other three divisions, instrumentation, components and the troubled transformer division, contributed only about 14 per cent of the profit between them. The contribution of each division to total sales is roughly in the following proportion: instrumentation, 10 per cent; components, 12 per cent, transformers, 5 per cent; avionics, 30 per cent; computers, 30 per cent and Canada, 15 per cent.

Overall, the company is still strongly dependent on Ministry of Defence orders which account for about 35 per cent of sales; while total military business represents about 55 per cent of the group's activity.

In spite of the fact that military contracts have not always been very profitable in the past, it seems that this part of the business is likely to grow rapidly. One of the main reasons is that, whatever happens to defence budgets, the armed forces' need for electronic equipment of ever greater sophistication seems almost insatiable.

Total exports which reflect Ferranti's strength in military electronics, now represent about 30 per cent of the company's UK production.

Because of the fast growth of the market for military electronics, Ferranti will have to work extremely hard at the sales of civilian equipment if it wants to maintain the present balance between the two sides of its activity.

It is probable, therefore, that Ferranti will gradually concentrate its efforts on the areas of electronics and computer technology which it knows best. Products like electricity meters, transformers and mechanical handling equipment, do not fit naturally into a modern electronics company, though there is no suggestion at present that the company wishes to sell off any of these parts.

Intriguing

Perhaps one of the most intriguing questions is what the company will do about its components division. This achieved a healthy growth of 28 per cent in sales last year, is now back in profit and is exporting 35 per cent of its products mainly to the U.S. and Europe. The acquisition of Interdesign in California with a $5m turnover in linear integrated circuits has further strengthened the division which exceeded last year's target for both sales and profit.

On the other hand it is clear that the components division is still very small indeed by international standards, and with a profit of well under £1m a year it will be hard-pressed to afford the heavy capital expenditure likely to be needed to stay competitive in this field.

Perhaps one of the most encouraging facts about Ferranti is that its recent recovery has been achieved with a minimum of internal bloodshed. There was no wholesale firing of executives, nor any attempt to bring in a new team from outside.

Several managers have retired, one or two were moved sideways and some new talent was promoted from within the company. But on the whole the changes were evolutionary. As Mr. Alun Jones says: "Many of the same people are still there, though in some cases the jobs they are doing are a bit different."

Above all, the tightening up of management control and the devolution of responsibility to profit centres appears to have given the company a renewed sense of vigour and assurance. In an industry which depends as much on the skill and enthusiasm of engineers as on capital equipment, this is perhaps the most important asset.

BUSINESS LAW

Why the Dust Bug appeal failed

BY A. H. HERMANN

ON THE whole most of the appeals against prohibitions and fines imposed by the competition department of the EEC which come before the European Court are made by big multinational companies. But this is not always the case and a decision made on June 20, 1978 (No. 28/77) illustrates how even a relatively unknown company, marketing a product of little importance to most consumers, can attract the Competition Department's attention.

The appeal of Tepea BV, the Dutch distributor of Cecil E. Watts, a British manufacturer of devices used for the cleaning of gramophone records, looked from the outset to be a hopeless case. Reading the judgment—56 pages of detailed arguments—one can sense how reluctant were both Tepea and Watts to recognise that British accession to the Common Market as from January 1, 1973, had brought about a change which affected not only dealings between governments but also their own relations with customers both in the UK and in Benelux.

The appointment of Tepea as Watts' sole distributor dated from 1956. There was no written contract: all was done by word of mouth. Watts undertook to pass on to Tepea all orders received from the Netherlands. Later on, Tepea registered in Benelux the trade marks used by Watts for its products, namely, Dust Bug, Disc Preener and Parastat. The dispute between the Commission and Tepea was whether this was done on the basis of permission obtained from Watts or independently, but the Court concluded that when asked for permission to use the trademark Dust Bug, Watts replied "Do as you like" and that an authorisation given in such a general form necessarily applied to the use of all trademarks.

These trademark rights enabled Tepea to take action in Dutch courts against "parallel" importers; that is against those who would buy the products on the UK market and import them into the Netherlands. This territorial protection has been further reinforced by Watts, which made it a condition that the products it supplied in the UK were not to be exported.

Such absolute territorial protection is prohibited under EEC rules of competition if it interferes with trade between member states. The arrangement between Watts and Tepea therefore became problematical as soon as the UK became one of the member states. It also became of greater practical importance as soon as the fall in the sterling exchange rate enabled Watts to charge more for goods exported to Benelux than it did for those on the domestic market. This difference reached 32 per cent in 1974.

Incentive

The price difference between the UK and the Netherlands thus presented a great incentive for other Dutch dealers to buy the products on the UK market and to import them directly, by-passing Tepea. Tepea brought trademark infringement actions against some and sent letters threatening such action to others while in the UK Watts continued to warn domestic customers that the goods supplied to them must not be exported.

One of the dealers whom Tepea sued in Dutch courts was Wilkes of Leeuwarden. It obtained a condemnation of Wilkes in the District Court of Leeuwarden but the execution of the judgment was stopped by the District Court of Amsterdam. This held, on May 14, 1975, that the restrictions operated by Tepea and Watts are contrary to EEC rules and also contrary to a condition which the EEC Commission had considered to be satisfied when it provisionally accepted notification of the sole dealing agreement made by Tepea on January 24, 1964. By this notification, as the European Court confirmed, the Commission was led to believe that Tepea would not enjoy an absolute territorial protection and that parallel imports from the UK will still be possible.

By the time the dispute came before the Amsterdam court, the EEC Commission had already been alerted by Wilkes. This dealer felt wronged three times over, first by the refusal of Tepea to supply it with Watts' products; second by the adverse decision of the district court of Leeuwarden and finally by the prohibition from exporting, imposed by Watts on British wholesalers. On January 30, 1974 Wilkes lodged with the Commission a formal request for a declaration that the agreement operated by Tepea and Watts was infringing article 85 of the EEC Treaty. This complaint obliged the Commission to re-open the long-forgotten file containing the notification of the agreement made by Tepea 11 years earlier, on January 24, 1963. In this notification Tepea maintained that the agreement did not provide an absolute territorial protection but allowed continued competition by other importers.

After pondering the matter for another year the Commission opened formal proceedings at the beginning of 1975. Evidence that, contrary to the notification, this agreement aimed at an absolute territorial protection for the Dutch sole agent was provided by Wilkes and other Dutch dealers and by publicity which Tepea gave to its successful trade mark infringement actions.

On December 21, 1976, the Commission found Tepea and Watts guilty of infringement of EEC rules by their verbal agreement concerning exclusive distributorship and exclusive use of trademarks. In addition Tepea was found guilty of having furnished inaccurate and distorted information in its notification of this agreement in 1963. Tepea and Watts were each fined the equivalent of £4,166 and Tepea an additional £2,083 for incorrect notification.

Tepea appealed against this decision and Wilkes, with another Dutch dealer, joined the Commission in defending the decision before the European Court. Here Tepea argued that it arrived at the trade-marks quite independently of Watts but the court concluded that "Dust Bug" is a name more likely to be invented by an Englishman than by a Dutchman. The fines imposed by the Commission were confirmed and Tepea will have to pay the cost of the appeal.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AGRICULTURE

Leyland's four-wheel drives on the land

LEYLAND 462 and 472 tractors announced this week have been introduced to expand the company's share of the world's high volume mid-range tractor markets and to present a new challenge in one of the fastest growing sectors of the North American, European, and UK farm tractor business.

Of the small front wheel, four wheel drive type, they aim at a real growth area where sales of such machines have, in the UK alone, expanded nearly fourfold in the last four years.

Rated at 62 and 72 hp (46.25 and 53.7 kW) respectively, the 462 and 472 are developed from the designs of their two wheel drive counterparts, the 262 and 272. They offer the recently introduced 9-speed Leyland Synchro transmission as standard.

Both are powered by variants of Leyland's own 4/98 series diesel engines of which more than 100,000 have been produced in the last six years for truck, tractor and industrial applications.

Front axle for the models is a strong, non-fabricated, cast centre beam which has cast stub axle assemblies. Drive is via a straight spur gear drop box to a single piece encased drive shaft. The shaft has self aligning bearings for centre support and is coupled to a centre position crown wheel and pinion. Universally jointed axle shafts to outboard epicyclic hub reductions complete the drive train.

Leyland Vehicles, 1, Wester Hailes Centre, Edinburgh EH14 2ST. 031 441 5141.

Electronics keeps the milk flowing

A WORLDWIDE trend towards larger herds of cattle, husbanded by fewer dairymen, has resulted in problems of recording information necessary for efficient and economic dairying, says the National Research Development Corporation.

These problems have led the NRDC to invest £150,000 in a joint venture with R. J. Fullwood and Bland to develop an automated milking parlour and farm dairy management system, using the latest microprocessor technology which will identify the cow, record its milk yield and dispense an appropriate amount of feed concentrate for the particular animal.

Unlike existing automatic parlours, all the information will be collected simultaneously from the moment the cow enters a stall and is identified by means of a transponder round its neck. A printout unit will provide management information based on an analysis of milk yield, feed dispensed, identification, health and breeding cycle of each cow.

The three year programme is well under way and NRDC's investment will provide 50 per cent of the total development costs. There are already more than 500 herds of over 250 cows in the UK alone and the equipment, says the Corporation, will be appropriately for these larger herds.

More from R. J. Fullwood and Bland, Ellesmere, Salop SY12 9DG (069 171 2391).

● MACHINE TOOLS

Graphics technology sold in the U.S.

MOST OF the advanced work on the control of machine-tools in recent years has been done in the U.S., particularly by the large aerospace corporations, who are at the forefront of applications, and generally in the more difficult metals.

It is encouraging to record, however, that a low-cost means of automating production, developed at the Computer Aided Design Centre in Cambridge and called Graphical Numerical Control (GNC) is penetrating the U.S. automobile industry with one major manufacturer — believed to be General Motors— applying it and takers among infrastructure companies.

GNC is a part-programming suite for the numerical control of machine-tools. To use it, low-cost graphics terminals are employed, working with comparatively cheap mini-computers.

An important aspect is that only one system need to be installed to cover many types of machine-tools. GNC simplifies the process of turning out numerical control tapes for machine-tools carrying out two-dimensional and two-and-a-half dimensional continuous path work. The graphic aids and the conversational software written for it provide greater efficiency and accuracy in the production of the tapes.

Significant savings are claimed in the time and cost of making the tapes for many kinds of engineering components.

One of the leading users in Europe of the UK-developed GNC is Ackermans Verkstad, Swedish manufacturers of mechanical diggers. This company uses only GNC to control all its machines from flame-cutters to millers, lathes, drills and nibblers.

Marketing in the U.S. is under licence to Systems Associates Inc. of Troy, Michigan, and it is proposed to extend U.S. coverage much further.

Computer Aided Design Centre, Madingley Road, Cambridge CB3 0HB. 0223 63125.

Working on extrusions

AIR / HYDRAULIC operated piercing equipment has been designed and manufactured by Redman Engineering, Swindon, Wiltshire, specifically for piercing aluminium extrusions.

The machine is 14 foot long and has a heavy base fabrication with a bolster to facilitate template and rule setting. It is equipped with 16 piercing tool units each complete with a hydraulic cylinder, and each capable of piercing a double hole pattern in the extrusion at 0° and 90° to the main axis.

Vernier gauge stops are provided at regular intervals to enable the machine to be used in the production of a variety of components. All air hydraulics are mounted on the base, so that the machine can be operated in any location with a suitable 80 psi air supply.

Redman Engineering, POB 16, Hawkesworth Industrial Estate, Swindon, Wilts, SN2 1EH. 0793 26394.

● MATERIALS

Sounds better than ever

RECORDING TAPE with a performance better than that of the best professional media now available will be released by 3M later this year, following a series of discoveries at the latter Corporation's U.S. laboratories involving the use of fine particles of passivated metallic iron.

Initially, it will be sold in the form of consumer audio cassettes, but magnetic media for video, instrumentation, computer and other specialised needs will follow.

In recent demonstrations, audio cassettes based on the new material were shown to have far better output than conventional chrome tapes and even than 3M's own premium cassette.

But the blessing is not unmixed since manufacturers of recording and reproduction equipment, to get the greatest benefit from the advance in tape technology also will have to modify their equipment.

Current audio decks with so-called "chrome" playback parameters will be able to handle "Metafine" tapes with performance improvements. Satisfactory recording, taking full advantage of the properties of the new tapes, will demand new recording equipment, according to the head of the St. Pauls Minnesota, research group which developed Metafine, Dr. John Holm.

3M expects that by the time its Metafine tapes come on to the market, several manufacturers will have brought out the appropriate recorders. So far something like 100 manufacturers of audio and video equipment have been given samples of the new media. But to take advantage of its potential, they will have to carry out significant development in record-head technology.

Further information from 3M, Recording Materials Division, 380 Harrow Road, London, W9 2HU. 01-286 6044.

● HANDLING

Weighs the departing baggage

AN ENTIRELY new type of passenger-baggage weigher is now being installed at many of Britain's airports.

Under orders worth £130,000, W. and T. Avery is supplying 113 of the latest digital electronic machines for departure areas at the Heathrow, Edinburgh, Aberdeen and Glasgow airports of the British Airports Authority.

The biggest contract is from GEC Mechanical Handling for 61 digital weighers for the new baggage handling scheme in No. 2 Terminal at Heathrow. The British Mathews Company, an associate company of W. and C. Pantin, has ordered 31 machines—12 for Aberdeen and 19 for Edinburgh—and Paterson Hughes Engineering Co. has ordered 21 for Glasgow.

The weigher registers baggage weights by an illuminated digital display instead of the more usual dial or revolving chart. A digital display gives fast and unequivocal reading, is more compact than a dial, and can be read positively over a wide viewing angle, in all lighting conditions.

Of 127.9 kg-capacity the weighers are built into the check-in counters. Each consists of a conveyor mounted on a weigh system incorporating a load cell. As baggage is weighed, the signals from the cell are processed by electronic instrumentation to operate a digital display reading in 0.1 kg increments. Pushbuttons are provided for automatic zero balance check and for display segment test.

One of the machines at Heathrow will also have a facility for totalising individual baggage weights to provide a consolidated weight for group travel parties.

W. and T. Avery, Smethwick, Warley, West Midlands, B66 2LP. 021-558 1112.

Lifts over a ton

THE LARGEST area for reach truck sales in the UK is in the 1 ton capacity class, says Barlow Handling, in announcing two Saxby models, the HSR/HVR 224 of 2,240 lb capacity and HSR/HVR 264 of 2,640 lb capacity.

A feature of the machines is the forward withdrawal of the battery along the reach legs by the trucks' reach carriage, making the battery available for immediate inspection and maintenance with no physical effort from the driver. Overhead removal of the battery can also be carried out in the case of multi-shift operations.

More from the company at Airfield Estate, Maidenhead, Berks., SL6 3QN. Tel.: Littlewick Green 2151.

● COMPUTERS

ICL link to big units

AS PART of the development of the System Ten small business computer inherited from Singer, ICL is introducing new hardware and software to support sales of the product in the distributed processing market. These developments provide the System Ten computer with ability to be used in distributed networks linked to IBM computers.

The new facilities comprise a multi-purpose integrated communications adapter (ICA) and an associated software package known as communications access manager (CAM). They enable data to be passed interactively between the ICL mini and an IBM mainframe machine. The first protocol to be developed by ICL for this purpose is for the IBM 3271 remote cluster controller. Subsequent developments of the ICA will support new links to ICL 1900 and 2900 systems.

The ICA uses a microprocessor to provide the line protocol and interface between the IBM computer and the ICL System Ten, as well as data buffering and error recovery facilities.

These developments are currently under test and it is planned to commence delivery later in the year.

Details from ICL House, Putney SW15 1SW. 01-788 7272.

Major area for growth

APPLICATIONS software could become the biggest growth area in the computer industry over the next five years, according to Mr. R. Taylor of Package Programs (PPL).

Speaking at a meeting in London recently, Mr. Taylor pointed out that both the NCC (National Computing Centre) and CSA (Computing Services Association) predicted huge increases in demand for packages. But he went still further in his own forecast.

The current dearth of skilled programming staff meant that more packages would be needed by more people. Within five years, demand for software packages would have doubled and the British software industry must be ready to meet that demand.

Taylor disclosed that PPL could now number 30 of the top 100 UK companies amongst its users. Packages were thus as attractive to large companies as they were to smaller ones, he asserted.

● COMMUNICATION

Automatic telephone answers

IN RELEASING its new cassette Phonemaster telephone answering machine, Storacall says it has used British Logic electronics to give maximum facilities and the highest quality reproduction, while still maintaining the company's policy of reasonable rental terms and flexible contracts.

Standard features include compact size, full dictation facilities, digital footage counter, two way conversation recording, fast erase, paytone detection and message review.

The company says that the system can cost as little as £1.77 a week over a period of five years.

Storacall, 28 York Street, Twickenham, Middlesex. 01-892 8052.

Printer is approved for use

RECENTLY INTRODUCED by PYE TMC, the PACT 200 electronic teleprinter has been approved by the Post Office for connection to private telegraph circuits and can be installed by private users on tariff H and J lines.

The unit is being made available in a variety of versions including receive only, key send/receive, automatic send receive and electronic.

The last of these is fitted with memory—4,000, 8,000 or 16,000 characters and messages can be programmed directly into the memory from the keyboard. Words and characters can then be subsequently skipped or changed very easily.

A selector enables the unit to be used with all types of signalling and dialling procedures, giving it wide international application.

More on 06662 2121.

● EXHIBITIONS

In Bucharest

A RANGE of products from the George Kent Group will be shown at the International Technical Exhibition in Bucharest, October 5 to 14, where the company's stand will be manned by staff from the Vienna-based subsidiary, George Kent (Europe).

The display will comprise many new and recently introduced products and functions of the items exhibited include automatic liquid and gas analysis, indication, control and chart recording, flow measurement and control signal processing.

● ENERGY

Sun power panel

INTRODUCED into the UK by Solarpak Products of Washington, Tyne and Wear (0632 464646), are solar cell panels from Solarex in the U.S.

The cells themselves are square rather than round so that less space is wasted when they are mounted on the panels; their efficiency is 14 to 16 per cent, resulting in a 12 per cent overall conversion efficiency for the panels. The power density achieved is nearly 12 Watts/sq ft, and the company claims that this is double "what was previously accepted as the state of the art."

HE50 and HE50G panels use an integral aluminium frame of a design which minimises inactive surface area when mounted in arrays. The two types are electrically identical, differing only in surface material and cell support. The HE50 employs cells encapsulated in silicone rubber on a polyester substrate; the HE50G cells are similarly encapsulated on the back of a high transmittance tempered glass plate.

● PACKAGING

Bags will decompose

A COMPANY which has been involved primarily in paper packaging for over 55 years—Coloroll, 54, Jermyn Street, London, SW1Y 6LS—is now operating 24 hours per day in its Nelson, Lancashire, factory (converted from former weaving mills) to produce 70m fashion carrier bags a year.

Made in Byoplastic, a material which although tough harmlessly decomposes when buried in soil or refuse dumps, the bags are of double thickness at the handle area (obviating the use of special carrying handles), in seven strong shades and printed both sides to customers' requirements.

The product is an Anglo-Swedish invention and the company is the licence holder for the UK and EEC.

01-409 1071, at Jermyn Street, London, SW1Y 6LS.

LOMBARD

Herr Schmidt means it

BY JONATHAN CARR

SO IT IS "business as usual" for West Germany's six-month presidency of the council of the European Community? That may perhaps be the impression the Germans like to put about. After all they have suffered before from trumpeting their intention of acting as "a motor" of the Community—only to find the vehicle to be in *reverse gear.*

In fact it is far from business as usual. Who would have thought even a year ago that Chancellor Helmut Schmidt, that apostle of economic convergence and derider of monetary conjuring tricks, would be leading the drive for a wider zone of currency stability in Europe? Who would have believed that the Germans would be willing to pool at least part of their reserves to make the currency scheme feasible? Critics used to note, with some justice, that German enthusiasm for the Community cause dwindled rapidly when pooling of (largely German) reserves was mentioned. Cries for bold European initiatives from Bonn went largely unanswered.

Off balance

Herr Schmidt declared that talk of a "qualitative leap forward" was applicable to quantum mechanics—not to European Community policy.

It was, theretore, hardly surprising that when a bold initative finally came from Herr Schmidt earlier this year it caught many people off balance. One reaction was that he could not be serious. Another was that it was merely a German plot to deprive trading "partners" of the devaluation option which helped them remain competitive. (To that, the German response is to ask whether devaluation has proved so worthwhile an option anyway . . .

And to point out the risks, for example, for domestic money supply, which they are ready to run to help make their scheme work.)

It has now become clear that Herr Schmidt is very serious indeed. The ideas he outlined at the European Council in Copenhagen in April have taken clearer shape. The Germans hope for at least an accord in principle at the council meeting in Bremen this week that work should continue on them. That result could be presented to President Carter at the western economic summit in Bonn 10 days later as a sign of European readiness to work for greater currency stability — benefiting trade and economic growth. And later this year, the free-floating French franc could move closer to the tough discipline of the currency "snake" to be followed (once a British general election is safely out of the way) by the pound sterling.

Almost as striking as Herr Schmidt's proposal of the scheme has been the method by which he chose to help it to fruition. Most of the details have been worked out by personal representatives of the German, French and British leaders — officials who are now being described (no doubt partly to their own surprise) as the "three wise men." The object has been to cut through the bureaucracy in which so many earlier grand European initiatives have become ensnared.

What has emerged, whether one likes it or not (and clearly some of the smaller EEC nations do not), is a kind of directorate between Bonn, Paris and London which would have been inconceivable at the start of the decade. The origin of this lay in the close personal friendship between Herr Schmidt and President Giscard d'Estaing. That in itself used to raise fears of an exclusive Bonn-Paris axis, which might have emerged had not Britain's relations with both West Germany and France so clearly improved after Mr. Callaghan succeeded Mr. Wilson as Prime Minister. The three leaders obviously will not agree on every issue. But they have found a most effective, private way of moving towards agreement on most issues.

Main aim

Progress on the currency plan is Germany's main aim during its term as council president—but it is not the only one. Among other things, Bonn wants to push ahead quickly with negotiations on Community enlargement and to see renewal and expansion of the export earnings stabilisation scheme for developing countries.

Here the striking thing is not the German pursual of these objectives—which is already well known. It is—again—the degree of close co-operation with the French whose six-month term as council president succeeds Germany's. The desire on both sides is to secure as smooth a transition as possible—so that the French can pick up more or less where the Germans left off and continue to head in the same direction.

Then the French too will be able to claim they are merely conducting business as usual. Those who recall the situation in the Community a decade ago can only reply that in the interval the highly unlikely has become a commonplace.

Taking hints from the great

GARDENS TODAY

BY ROBIN LANE FOX

HOW BEST can you begin gardening? The question crops up often and pleasantly in readers' letters and if I dwell on it for one week at mid-summer, it is partly because one way is now open to you over the next fortnight. Try to visit one of our greatest gardens, not just the fine institutional gardens of Wisley or Kew, but the ones built up privately of which Hidcote in Gloucestershire, Sissinghurst in Kent, Grathes Castle in Kincardingshire, Newby Hall in Yorkshire, Cranborne Manor in Dorset and Great Dixter in Sussex would rank at the top of any list over the next three weeks.

These are all gardens, not parks nor azalea-woods nor arboreta. They are gardens with small corners or groupings, any of which can be adapted to plots of the smallest size. During the great weeks for old roses and border plants, there is nothing comparable, to my knowledge, in Europe. They are one of the most remarkable sights to be seen in the country. So let them fire your imagination.

Otherwise, I would encourage you through one reader's recent query. He has a new garden in Surrey, but he has to leave it early in order to reach London before the Chinese have stopped wrestling for Stocks on their local Exchange. The lawn looks nice in the early dew, but there is not much he can do about it before the train leaves. When he returns, he is too distracted to give the garden whatever it needs. Lunches are slow to wear off. On Saturdays he likes cricket; on Sundays, bed and the bills. But he wants to do better than dahlias and Forsythia: what books could he best buy to help him? What, too, are the three best sorts of bush and climbing roses?

The books are the easier question. I have not found a really good new one for four years, though more have been printed at more of a price than any market researcher could possibly have dared to advise. Three are enough for anybody and my three, I think, would all be quite cheap. Copies of colleague Arthur Hellyer's Amateur Gardening Pocket Guide are still in some shops at £1.75: Collingridge published it and, among small books, it has far and away the best range of basic advice.

It has grown to need a big pocket, but it is still a book to take out into the garden with you. The RHS *Dictionary of Garden Plants* in colour is a book for indoors, but its miniature edition is still £5.75 from Michael Joseph and has a wider range of colour-plates than any comparable volume. It is a picture book from which thousands of gardeners have chosen their first plants. They have also found useful tips on heights, soils and season. More advanced, but far more fertile, is Christopher Lloyd's *Well Tempered Garden*, now in a paperback, reduced in size for £2.75. This is full of ingenuities, good tips and sound and simple advice.

These books, then, are the compost from which a love of gardening and a grasp of it can grow quite cheaply. What, though, about the roses? This is a harder question. Among the climbers, there might be less dissent. My vigorous three, easy and invaluable, would be *Albertine*, copper-pink and quite indestructible, though it only flowers once. *New Dawn*, flesh-white, would come second, though near to it in colour. Among the yellows it would have to be the single *Mermaid* for sun or shade away from the coldest frost. But *Goldilocks* or *Golden Showers* would be better if you insisted on fully-formed flowers. Among the reds, climbing *Josephine Bruce* is slightly less deep but slightly more vigorous than the old and lovely *Guinee*. There are others, but if you are starting, I doubt if there could be much dispute over these well-proven favourites. *Danse de Feu* and *Pink Perpetue* have their fans and are sold aggressively. But be sure that your walls can put up with their hard and unsympathetic colour before you follow suit and buy one.

Among the bushes, there are thousands of you who look no further than *Iceberg*, that wonderfully free white, and the upright pink *Queen Elizabeth*. Myself I would always launch out with the Hybrid Musks which are thicker, taller, more prettily shaped and exceptionally easy to grow.

After a hard cutting in their first year, they need no further pruning. *Felicia*, pink, and *Buff Beauty*, buff-apricot are scented, vigorous and quite excellent. At a lower height, the small-flowered bright pink The Fairy and the big-flowered apricot-peach *Channelle* are the two modern varieties which I find most seductive. Neither is yet as well known as it deserves, though their season is continuous from now till September. Among the old-fashioned sorts, the white *Mme. Hardy*, the striped pink and lilac *Ferdinand Pichard* and the dark red *Gipsy Boy* are all tough and quite magical. If only they would flower a second time.

These few roses, have proved themselves with me and with many of you who have asked for a short list. I would like to think that there is nobody who might plant them and then feel that gardening was not rather marvellous when they flowered. From there it is an easy step up, to grey-white *Ash Wednesday*, the queen of climbers, to the flecked milk-white *Tricolor de Flandres* and to heavy pink *Lauriol de Barney*, of such a scent that she casts a spell on any summer evening walk. To these I must return as their season peaks next week.

Bookmakers undecided on Eclipse Stakes

RACING

BY DOMINIC WIGAN

ELEVEN RUNNERS stood their ground at yesterday's four-day declaration stage for Saturday's Eclipse Stakes, and with a little luck there may be no more withdrawals.

Those who remain are Gunner B, *Balmerino*, Jellaby, Radetzky, Stradavinsky, Silver Lad, Roland Gardens, Don, Super Concorde, Moon Sammy and Lordedaw.

Bookmakers quickly come out with advance betting yesterday, finding it difficult to decide on the likely winner.

Balmerino was quoted between 4—1 and 7—1. Stradavinsky was placed in the same margins and Super Concorde varied between 14—1 and 11—2.

The Tote, so often the first out with ante-post prices on big races, quickly clipped its 14—1 offer about Super Concorde and the French colt is now down to 8—1. It also had many inquiries for Gunner B, Stradavinsky and Silver Lad. The last-named is a highly rated Australian recruit, placed or first in 18 of his 20 races.

Other Eclipse prices: Gunner B 3—1, Jellaby 8—1, Radetzky 8—1, Roland Gardens 16—1, Don 16—1, Moon Sammy 25—1, and Lordedaw 40—1.

Looking further ahead, the French Derby winner, Acamas (a length third behind Super Concorde in the Grand Criterium), is a clear favourite in some lists for the King George VI and Queen Elizabeth Diamond Stakes at 7-2.

Crow is top-priced at 4-1, with the Queen's fine mare Dunfermline at 7-1.

BRIGHTON

2.00—Schweppervescence***
3.00—Andy Rew*
4.00—Tamanaco
4.30—Young Amanda

YARMOUTH

3.45—Purple Mark
4.15—Singapore Star**

Fires hit record figure in 1976

A RECORD 496,000 fires were attended by United Kingdom local authority fire brigades in 1976. The figure, published today, is more than 100,000 up on the previous highest, for 1975.

The increase was mainly due to the very hot, dry summer. About half the 334,000 outdoor fires occurred in July and August. The number of deaths, 895, was the lowest since 1971. Fires in dwellings caused about three-quarters of the fatalities

United Kingdom Fire Statistics 1976, S3 Division, Home Office, 50, Queen Anne's Gate, London, SW1. (£4).

Dammed

THE LAKE DISTRICT'S special planning Board decided at its annual meeting yesterday to oppose the North West Water Authority's scheme to raise the level of Ennerdale by four feet to supply water to west Cumbria.

Crown Agents bribes man jailed

A FINANCIER was jailed for a year at the Old Bailey yesterday for corruption involving an official of the Crown Agents, the organisation rescued from financial crisis by the Government in 1974.

A jury unanimously convicted Sidney Finley, 59, former head of the Tanwell group, of giving bribes, in personal loans totalling £182,725, to Mr. Bernard Wheatley, a Crown Agents official, in 1974. Mr. Wheatley died last year aged 52.

Mr. Finley, of Nightingale Lane, Clapham, South London, denied that in return Mr. Wheatley, manager of the Crown Agents' sterling money market, authorised loans of the Agents' money amounting to £1.5m to the Finley company, Big City Finance.

The jury convicted Mr. Finley of two charges relating to loans to Mr. Wheatley in February and April, 1974. They acquitted him of six similar charges going back to 1969.

Judge Miskin, QC, Recorder of London, told Mr. Finley: "Corruption eats at the fabric of honest society and calls for a prison sentence. But having regard to your age, your previous splendid character, your ill health and the special facts of this case I can inhibit that sentence very much."

He gave Mr. Finley a year's jail, concurrently, on each of the two convictions.

Mr. Finley agreed earlier that a company had been set up within his group that dealt solely with making loans to Mr. Wheatley. He denied that there was ever any intention to corrupt the official.

"As far as I was concerned they were normal commercial loans made in the normal course of business," he told the jury.

Mr. Roy Amlot, for the prosecution, said that none of the money that left the Crown Agents as loans to Mr. Finley's group was repaid. Mr. Finley's companies were wound up in 1975.

Mr. Finley said one loan to Mr. Wheatley, of £126,000, was to buy shares.

One count of which Mr. Finley was found guilty related to a £168,000 loan to Mr. Wheatley in 1974. Mr. Amlot said that such was the degree of corruption between the two men that the money for that loan had originally been Crown Agents' money.

Covent Garden's new face

RETAILERS and restaurateurs interested in setting up business in the new shopping and leisure centre being established in Covent Garden's Central market building are being sought by the Greater London Council. The building, which dates from 1830, will be the centrepiece of a piazza originally designed by Inigo Jones.

Inside will be room for 35 traders in units ranging from 200 to 2,000 sq ft, with space under covered terraces for trading stalls. Units on the upper floor are suitable for offices and specialist retail use.

TV/Radio

† Indicates programmes in black and white

BBC 1

1.30 pm Fingerbobs. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Boss Cat. 5.10 Newsround Weekly. 5.35 The Wombles.

5.40 News (London and south-east only).
5.55 Nationwide.
6.15 Wimbledon.
7.20 The Big Time.
8.10 Z Cars.
9.00 News.
9.25 The Risk Business.
10.05 Jack Jones with Bruce Johnston, Allan Jones and Sarah Vaughan.
10.50 Tonight.
11.30 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—5.10-5.35 pm Bilidowcar. O Llangollen. 5.55-6.15 Wales Today. 6.15-6.40 Heddiw. 6.40 *Join BBC 1 (Wimbledon).* 11.30 News and Weather for Wales.

Scotland—*10.00* am "Paddington goes Underground." 10.05 Jackanory. 10.20 Grange Hill. *10.40-11.00 Three's Company.* 5.55-6.15 pm Reporting Scotland. 11.30 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 11.31 The Killer Swim (the North Channel Swim). 11.56 News and Weather for Northern Ireland.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); *Midlands Today (Birmingham);* Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.35 am Gharbar.
11.00 Play School (as BBC 1 4.20 pm).
2.00 pm Wimbledon Tennis.
8.00 News on 2.
8.10 Spaceships of the Mind.
9.00 Call My Bluff.
9.30 Globe Theatre.
10.50 Late News on 2.
11.00 Wimbledon highlights.
11.50 Closedown (reading).

LONDON

9.30 am A Place to Live. 9.55 Catch '77. 10.20 The Undersea Adventures of Captain Nemo. 10.30 Spiderman. 10.55 Nature of Things. 11.45 Beany and Cecil *Cartoons. 12.00 Here Comes Mumfie.* 12.10 pm Pipkins. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 General Hospital. 3.20 May I Have The Pleasure? 4.20 Michael Bentine's Potty Time. 4.45 Shadows. 5.15 The Flintstones.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Best Sellers, part 2.
10.00 News.
10.30 Best Sellers (continued).
12.10 am Close: A poem by William Blake read by James Coyle.

All IBA regions as London except at the following times:

ANGLIA

10.20 am Friends of Man. 10.40 Simply Sewing. 11.05 In Concert. 12.30 Andy Smith's Academy of Champions. *1.25 pm* Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 12.10 am The Big Question.

ATV

9.15 am Something Different. 10.20 Angling Today. 10.45 Banacek. 11.55 Adventures of Parsley. 1.20 pm ATV Newsdesk. 2.25 The Royal Show. 5.15 The Flintstones. 6.00 ATV Today.

BORDER

10.20 am Survival. 10.45 Simply Sewing. 11.00 In Concert with John Miles. 11.35 Andy Smith's Academy of Champions. *11.20 pm Border News. 2.00 Houseparty.* 5.15 The Rolf Harris Show. 6.00 Lookaround Wednesday. 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 George Hamilton IV. 6.00 Channel News. 6.10 This Is A Giant Movie! 10.28 Channel Late News. 12.10 am News and Weather in French followed by Epilogue.

GRAMPIAN

GRANADA

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. *5.15 Betty Boop. 5.20 Crossroads.* 6.00 Report West. 6.15 Report Wales. 6.30 Father Dear Father.

HTV Cymru/Wales—As HTV General Service except:

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

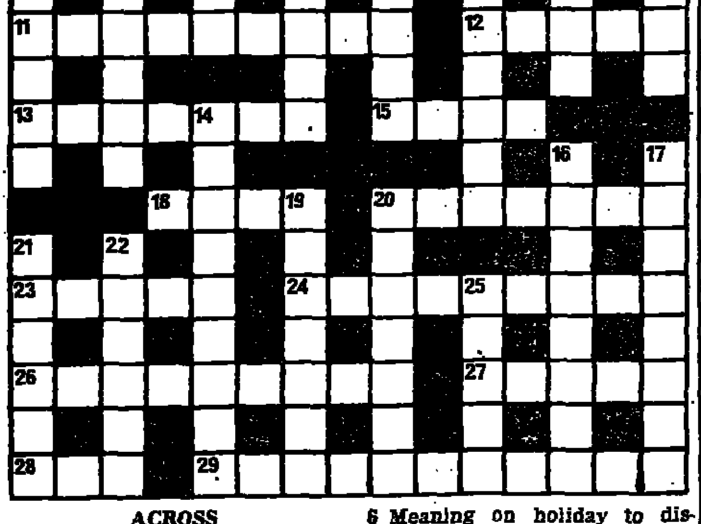
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,710



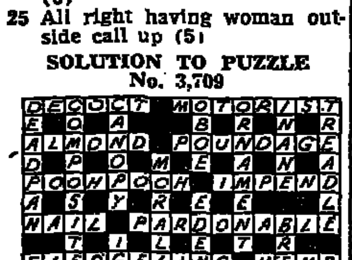
ACROSS

1 Tall order for the top brass (4, 7)
7 Expert spotted at cards (3)
9 Fast time, circle slowly (5)
10 Number left in succession after interest of a lifetime (9)
11 One player's game could be brilliant (9)
12 Pianist's style makes sense (5)
13 Cancel note returning ring (7)
15 Broadcast they say in stitches (4)
18 Pole on board makes box in practice (4)
20 Plant transformed by eater (3, 4)
23 Scientific discoverer found remedy about one (5)
24 Naturally it's in key (5, 4)
26 Revolutionary leader from Parliamentarian (9)
27 Elated at broadcasting (2, 3)
28 Useless either way (3)
29 Seconds book on side (7, 4)

DOWN

1 Grasps method with which to rule the roost (4, 4)
2 Trap cast into having a drink (3, 5)
3 Smallholding needing credit frequently (5)
4 Screen brothers one way revolutionary (7)
5 Desultory design on the French ship (7)
6 Meaning on holiday to disperse slowly (5, 4)
7 Warmth makes a king severe (6)
8 Beastly holes making hearts flutter (6)
14 Interpreter out of hearing taking words out of speaker's mouth (3, 6)
16 Claim Yorkshire town has no initial aspiration (8)
17 Brain of church about Birmingham (8)
19 Hostilities arise on Scots loch because of inexperience (7)
20 Remover of sight of wonderful game (7)
21 Notched up 20d (6)
22 Key circle reduced to powder (6)
25 All right having woman outside call up (5)

SOLUTION TO PUZZLE No. 3,709



Television

Must bats be best

by CHRIS DUNKLEY

In a week when viewers saw the opening of another Wimbledon and watched a six-foot, 15-year-old American schoolgirl named Pam Shriver take Sue Barker to match point three times and still lose; when Thames Television screened the first part of *Palestine*, one of the best and most scrupulous television documentaries ever made on any subject; when the BBC showed yet again that amazing sequence in *Sailor* with the American stretcher case being swept from the submarine into the sea and then winched into the helicopter (amazing not least for the calm and efficiency of the BBC camera and sound men who made the programme possible by filming right through the emergency); and when *Z Cars* returned to the screen with—so they swear—a final series; in the week when all this and much more happened, television's most memorable moment came in *That's Life* when Kieran Prendiville interviewed a lady named Cherry Bramwell.

Miss Bramwell had no eternal truths to impart to the 14m people who watch Esther Rantzen's extraordinary programme, no dazzling insights concerning the meaning of life or the nature of the universe—in fact the subject of her little chat was hanging round her neck throughout the interview; a large live bat named Balls.

Though she does not appear often enough to have become a "personality," Cherry Bramwell is no stranger to television. I have seen her before theorising about the mode of take-off used by certain pterodactyls, and expounding the finer points of fruit bats, and been struck each time by her mixture of enthusiasm, erudition and jolliness. This week's interview was no exception.

In an accent reminiscent of June Whitfield's as Eth, Cherry explained in her deadpan style how she takes Balls to parties ("bats don't really wake up till the evening") and how he tends to get drunk, how a train inspector once asked if he had a ticket and after classifying him as a tortoise charged half fare, and how he had starred in a Hammer film.

It was one of the priceless bits of television which you watch in agony, repeatedly swallowing your laughter for fear of missig the next hilarious moment. It will be a long time before I forget the reactions of the greengrocer confronted with a bat toting customer, or of Prendiville when Miss Bramwell insisted on draping her weird pet around his neck.

Can it be that a medium so wonderfully well suited to this sort of batty (!) and inconsequential material is also really well suited to such things as ballet, opera and serious drama? The question comes into my mind because, in the same week under review, I was taken to task by both Humphrey Burton and Melvyn Bragg for my recent remarks in this column about arts programes for which they were responsible.

I had said *inter alia* that "television inevitably detracts from any performance when it simply relays it from the theatre or concert hall to the viewer," that the *South Bank Show's* programme on *Mayerling* "came nowhere near conveying the true gestalt of Macmillan's work of art," and that there seemed to be "an irresistible drive towards the middle ground which has been proceeding slowly in British television for 15 or 20 years. Each year the number of programmes making a significant demand from the viewer and offering a commensurate return seems to shrink. . . ."

In his letter published in the FT last Wednesday Burton said that the number of serious programmes making demands on the viewer had risen in the last 20 years, not fallen, and he is right; I was wrong. In retrospect the serious programmes of 20 years ago seem more memorable than the others, but that is a reflection on memories as much as programmes. Perhaps it *is* true, however, that the proportion (if not the number) of such programmes has decreased during that period, though even that may be untrue since BBC2 did not exist in 1958.

Yet broadly speaking I still think it true that ITV on the way up (its serious programming has continued to improve even since the network opened) has met the BBC on the way down (they have become masters of strategy in the ratings war) to create a huge spread in the middle ground. No doubt this reflects public demand.

What interests me more, however, is the question of the suitableness of the medium to all forms—from the origination of zany chatter about film star bats to the relaying of a classical ballet such as The Nutcracker. Obviously television is technically capable of transmitting both, rather as a book is capable of conveying both Plato's philosophy and a picture of Michelangelo's David. It is my contention that it does the first better than the second, offering only an approximation of the experience of studying the actual work of art. To get such an approximate idea is better than getting no idea at all, of course, but there can surely be no doubt that seeing the real thing is vastly superior to looking at a representation.

David Warner and Felicity Kendal in Granada's "Clouds of Glory" to be broadcast on Sunday

Consequently on the two other points raised by Burton and Bragg I am quite unrepentant. Though Burton says that I must not be allowed to get away with the statement that a television relay "inevitably detracts from any performance" and Bragg makes it clear in his private letter that he believes *The South Bank Show* did "convey the true gestalt of Macmillan's work of art." I still believe it is quite obvious to anyone after a moment's thought that in such matters television can only ever achieve second best.

Of course that second best may be very impressive, and certainly the size of television's audiences makes those for the live arts seem almost insignificant. Nevertheless, the difference between watching *Mayerling on television*—even supposing the whole of it be shown—and watching it at Covent Garden is something like the difference between watching holiday movies and actually going on holiday.

Arts programmes which use television in its own right, to explore arts technique, or the artist himself, seem to me more successful and much more valuable than relays or regurgitations, particularly for anyone who can get to the real thing. Thus the best parts of Macmillan's *Mayerling* were the rehearsal film and the interviews. Looking back across the history of arts programmes, no orchestral relay stands out, but Ken Russell's composer films come immediately to mind (and cause keen anticipation of Granada's forthcoming pair of films on the Lakeland poets, *Clouds Of Glory*, which Bragg and Russell have written and Russell has directed).

Some people say that it is the unremitting continuity of television and the consequently bizarre juxtapositions (such as a party-going bat almost immediately on top of the blinding and gelding of Arthur in *The Devil's Crown* for those of us who switched channels) which destroy the medium's greatest potential, and it is true that the proximity of the sublime and the ridiculous on television can be at least momentarily bewildering and sometimes sickening.

But anything really good will survive. Any number of Cherry Bramwell's pets could be paraded at either end of Richard Broad's three-part *Palestine*, for instance, without any danger of obscuring the exemplary nature of the work. Using a formula similar to that of Thames' monumental *World At War*, but adding modern commentators to the finely researched archive footage and the eye-witness accounts, Broad has told the history of Palestine during the British mandate.

Precisely because it is such a superb piece of work, it raises again many of the structural questions prompted by previous good documentaries: is mood music a legitimate tool (even when the same pathos-inducing passage is used for Jewish, Arab and British exodus); is there any point in striving to "balance" the opportunities given to the commentators when the impacts made by the two men (as a result of attitude, accent, tone, even the clothes they wear) are so unequal?

The most significant question of all raised by *Palestine* is why we are still waiting for British television to do something even half as good in the way of analytical history about Ireland. The parallels are legion. But that is really another entire article. Unfortunately film star bat programmes are not only easier to make and politically safe but—human nature being what it is—more memorable too.

Old Vic

The Lady's Not For Burning

by MICHAEL COVENEY

A programme note by J. C. Trewin uses this broken-backed example of the verse-drama renaissance after the last War to cock a snook at the "building-site dialogue" of today's theatre. I entered upon the grimly word-spinning proceedings prepared to believe that what we were about to receive would rise above the cardboard medievalism of Sally Gardner's design. But, after an hour or two of tramping through an odiferous, badly weeded garden of verbal conceit, rotting metaphor and laughable pun, I can only report that if this is poetic drama, then Snoo Wilson is the Jonson of our age.

I think that T. C. Worsley had it about right when he reckoned that the impact of this intolerably cluttered language is, in the end, merely gelatinous. It flatters a semi-educated, snobbish audience into believing that this is how they would themselves like to be over-heard in the intervals. It is all hollow fulmination, a tediously extended and over-indulged chrysanthemum cluster of imagistic nonsense to decorate the unbelievable romance of a drunkard who wants to be hanged and a girl in flight from a witch hunt.

The Lady's Not For Burning . . . nor frying, not singeing nor scorching, in this candlelit 15th century limbo where fine souls such as those encased in the precious corporeal structures of the two protagonists turn achingly towards the moon while spouting high-flown rhetoric about time, space and a cruelly unchanging world.

George Baker's tepidly loyal production gives banality its head, and thank God for Brenda Bruce as the distraught mother of two squabbling brothers in prominent cod-pieces (one of them, played by Clive Arrindell, strikes a discordantly bisexual note by wearing his blouse raffishly off a rather smooth shoulder) who skewers such lines as "One day I shall burst my bud of calm and blossom into hysteria" with the detached contempt it deserves. Mr. Fry emerges as the hot-house gardener of English drama with a congenital weakness for spurious tautology (tears are "wandering dews," if you please), alliterative bombast ("floundering in Flanders") and bathetic punch lines ("The two are to be brought together . . . how does that strike you?" "It makes a complete sentence").

Thomas Mendip, played by Derek Jacobi in his well-patented Hamlet mould of amused disgust is, at one point, "cast adrift on a raft of melancholy"; while his designated beloved and opposite spiritual number, Jennet Jourdemayne, is given a riveting, physical fluidity quite beyond the call of duty by the incomparable Eileen Atkins. But what, really, are we to care about a character who pronounces early on in the third act that she can hear "a gay, modulating anguish rather like music"? Off with her head, say I.

At least the company convinces you, from time to time, that you are not merely in the presence of literate trash by playing broadly for laughs and Robert Eddison as a conciliatory chaplain, Michael Denison as a befuddled, hay-fevered mayor and John Savident as a Falstaffian magistrate with plump ankles, mark out their comic territory with admirable gusto.

A callow clerk, finally possessed of his virgin beloved, asks plaintively what shall he make of the future. Beyond appearing in village hall revivals of Christopher Fry plays, not very much I should imagine. I appreciate that, as the 1940s dawdled on into the 1950s, Olivier and Gielgud saw some technical advantage to be gained from throwing their respective heroic weights behind the entangling monster of Fry-blown poesy, but the value of Prospect's current revival stands as no more than that of a dank and dusty museum piece in a forlornly abandoned theatrical corridor.

Leonard Burt

Derek Jacobi and Eileen Atkins

Paris theatre—3

Adamov's last play

by GARRY O'CONNOR

Arthur Adamov thought of calling *Si l'été revenait*, at the Cartoucherie de Vincennes, "Variations on a same theme," and the latter title is the more accurate description. It was his last play, written just before his death in 1970, and like much of his later writing seems somewhat uneasily torn between his desire to be social realist, with a strong idealistic message, and his more instinctive capacity for surreal flights of fantasy. The central figure of these rapid snatches of constantly changing perspective is a young man, Lars, who is surrounded by three young women, his sister Thea, his wife Brit, an amorphous beauty of good heart, and their friend, the more egocentric and attractive Alma.

All four spin a vivid tapestry of psychological moods and feelings, whose basis, Adamov claims, has something Strindbergian about it. If so, it is like a Strindberg executed as a modernist painting in light beams, each effect swallowed up and forgotten in what has passed and what is to come.

Perhaps Adamov's final conclusion is that everything is in motion, making him at the opposite pole from Beckett, for whom everything is rigidified in the end, even movement. All the characters in *Si l'été revenait* are leaping about, running in circles, jumping on swings, or avidly fingering bicycles, as if the children's playground is the only Elyseum to be found on earth (a cherished dream of the Surrealists who clearly hardly ever spent their Saturday afternoons in any real contact with a children's world).

Even the old character, Lars' mother, Madame Peterson, whips off her skirt, or takes out her pap, to join in the high spirits. Played by Pierrette Thevenon, she and the others, especially Charles Dubois as Lars, Marianne Epin as Thea, and Catherine Cauwet as Alma give joyous performances, full of gaiety and colour. The symbolic and threatening grouping, the long dark mirrors, and the deep drifts of sawdust in which props are buried, or which is shovelled over characters as a Freudian metaphor for burying the past, are all thoughtfully manipulated in Gilles Chavassieux's production. Jean-Marie Cottet's hectic moody piano-playing adds atmosphere.

One of the most crowd-drawing shows (among a half-score, only, of worthwhile productions: Jean-Jacques Gautier is not the only one to complain, as he did recently in Le Figaro, of "poor," "boring," "mediocre" and "discouraging" fare), is *Peines de coeur d'une chatte anglaise.* This, at the Théâtre Montparnasse in the Rue de la Gaité, is an adaptation of Balzac's *Scènes de la vie privée et publique des animaux*, in which animals are not only endowed with human traits in the time-honoured tradition of children's story-telling, but also given a new fillip by the recent studies in the darker sides of animal behaviour, so that you feel Konrad Lorenz would have approved, as well as La Fontaine.

The heroine of the piece, Beauty, a young female cat, is born in France, but marries a decrepit English specimen of vaguely Persian (or is it St. James?) appearance, who is so dull he is borne everywhere on a litter. Sooner or later, after her gallivanting friends are constantly tugging at her feelings, Beauty falls for the wayward sounds of a flute played by a French cat. But the plans the lovers make to run away are thwarted by an evil fox in the Hussars, and the French cat is knifed one dark night. Beauty flees to Paris, writes her memoirs in the style of a celebrated figure of the demi-monde, and makes a fortune.

Balzac's satire was no doubt social as much as general. In the TSE's production what emerges is a visual presentation of singular charm, inspired by J. J. Grandville's fugitive illustrations: murky London streets, a carnival spirit of the animal kingdom, moths dancing at night, glittering peacock-costumes, and, in the animal principals, a sharp observation of the cruel ways of the instinct. Rostislav Doboujinsky's masks are a joy to behold.

Extended in its run at the Odéon, at 6.30 in the evening (a time quite favoured by Paris dwellers) is the Comédie-Française's production of *La nuit et le moment* by Crebillon fils. This delightful game of 18th-century *analyse* in the style of the Encyclopaedists takes place on a double-bed, swathed in black drapes, in which a pair of half-symbolic lovers, named in generalised fashion Clitandre and Cidalise, explore the truth of their feelings for one another. It might well be tedious and hard to follow but for the fact that the two interpreters, Francis Huster and Catherine Salviat, manage to ignite the dormant lust inherent in the text, turning it into a sexual sparring-match in which Cidalise finally succumbs to Clitandre's embraces, an unlikely turn of events when, to begin with she has been so cool and haughty. The transposition to the more earthy world of the senses has been undertaken by Jean-Louis Thamin, and in the design of Dominique Borg's dark interior, the carefully calculated glimpses of naked flesh, with mirrors and flickering candles, lurk overtones of the Marquis de Sade: suitable on this occasion.

Covent Garden plans next season

The Royal Opera is planning four new productions for next season—Meyerbeer's last opera *L'Africaine*, Wagner's *Parsifal*, Stravinsky's *The Rake's Progress* and, finance forthcoming, Mozart's *Die Zauberflöte*.

It had been thought that cost would rule out a new production of *Die Zauberflöte* but it now seems likely that sponsorship and collaboration with a foreign house will make it possible.

Colin Davis will conduct the opera, not given at Covent Garden since 1968, and the cast will include Lucia Popp, Zdislawa Donat, Lilian Watson, Thomas Allen, Paul Crook, Robin Leggate, Robert Lloyd and Donald McIntyre.

L'Africaine will receive its first performance at Covent Garden since 1888 in a production in French with sets borrowed from the Maggio Musicale, Florence, where it was performed in 1971. It will be mounted in association with Imperial Tobacco and the cast will include Grace Bumbry and Placido Domingo.

Sir Georg Solti will conduct *Parsifal* in April. Yvonne Minton, Peter Hoffman and Norman Bailey will be among the cast, the production being mounted in association with Commercial Union Assurance.

The first performance of *The Rake's Progress* at Covent Garden will be given in June. Colin Davis conducting.

An additional newcomer to the Royal Opera repertoire will be Massenet's *Werther*, the production by John Copley, Stefanos Lazaridis and Michael Stennett having been loaned by English National Opera. The cast will include Teresa Berganza and Alfredo Kraus.

There will be revivals of 16 productions, including three Ring cycles with Gwyneth Jones singing Brünnhilde for the first time in London.

The Royal Ballet's 1978-79 season will include a new one-acter by Kenneth MacMillan and revivals of *Diversions, Façade, Jazz Calendar, The Rite of Spring, Scènes de ballet*, and *Shadowplay*.

The season opens on October 19 with a performance of *Mayerling*, with David Wall dancing Crown Prince Rudolf. The repertoire also includes performances of *La Fille mal gardée, Romeo and Juliet, The Sleeping Beauty, Swan Lake, Elite Syncopations* and *A Month in the Country*. It is also hoped to produce two new one act works during the season in addition to that of MacMillan.

Anthony Dowell will not be with the company for the season, although it is hoped he will be able to make occasional appearances. He will be working with American Ballet Theatre to experience the stimulus of a different environment.

Sadler's Wells Royal Ballet will tour the regions for 18 weeks, including three weeks at Cambridge, and will present two three-week seasons at Sadler's Wells Theatre.

The repertoire includes three new one-act ballets: *6.6.78*, Kenneth MacMillan's tribute to Dame Ninette de Valois for her 80th birthday, Lynn Seymour's *Intimate Letters* and a new work by David Bintley. There will also be the first performance by Sadler's Wells Royal Ballet of MacMillan's *Pavane*.

*

The Scottish National Orchestra's notable contribution to contemporary music over the past ten years will be reflected in its 2½-week tour of Poland, Austria and Switzerland in the autumn.

Of the 16 works in the tour repertoire, nine are by living composers. The orchestra will give two concerts in the important Warsaw Autumn Festival of Contemporary Music, including performances of Tippett's Fourth Symphony, Maxwell Davies' *Stone Litany*, and Birtwistle's *Melancolia 1*, and the first Polish performance of Panufnik's *Sinfonia Sacra*. World premieres will be given of works by two Polish composers, Sikorski and Penherski.

Other centres on the tour include Kracow, Vienna, Linz, Graz, and Lausanne. Four performances of Musgrave's Horn Concerto will be given in Austria with Barry Tuckwell as soloist. Other tour soloists are Jane Manning and Alan Hacker, and all the concerts except one will be conducted by Sir Alexander Gibson.

The SNO will be the first British orchestra to take up Tippett's Fourth Symphony after the British premiere by the Chicago Symphony and Sir Georg Solti at the London Proms on September 4. The SNO has seven performances planned for the autumn, including London (October 9), Edinburgh (October 13) and Glasgow (October 14).

The SNO's Scottish winter subscription series will include a complete cycle of the Nielsen symphonies and concertos sponsored by Gulf Oil Corporation which is also associated with recordings for RCA of the Fifth Symphony, already released, and the Fourth, which is about to be made.

The winter season will also include two more world premieres. In February David Atherton will conduct four performances of *Salm* by Lyell Creswell, which won the SNO's 1978 Ian Whyte Award, and in March Sir Alexander Gibson will conduct two performances of Edward Harper's *Symphony*.

Mr. David Richardson, SNO's general administrator, said the orchestra's experience was that, with the aid of a strong subscription sale, audiences were not deterred by a moderate representation of contemporary music.

JOHN FALDING

Festival Hall

Scottish National Orchestra

The Scottish National Orchestra showed itself on fine form in its latest appearance on South Bank. Time was when the leading British orchestras visiting London spiced their programmes with novelties in order to attract an audience. Now, it seems more usual for the reverse stratagem to be employed; by recent standards of programming, the inclusion in Monday's concert of Nielsen's Fourth Symphony, *The Inextinguishable*, and Britten's Serenade (neither work a rarity, nor a repertory item) could be deemed an act of almost rash courage. Fortunately, there was an audience of decent size and it was rewarded with playing of heartening vitality and definite character.

Under its conductor, Alexander Gibson, the orchestra has developed a distinct sound—rugged, enthusiastic, bright rather than smooth in blend, with a sense of cogent personality in the operation of each department—that imbues its playing with an immediately appreciable quality of corporate orchestral identity (a quality the more glamorous London orchestras often seem to lack). It was not a quality equally suited to all the music in the concert. The Berlioz *Corsair* Overture wants a more sinuous, whiplash virtuosity in the strings, greater needlepoint finesse of tone to the wind, and a less open, blaring brass sonority.

Nielsen's symphony, on the other hand, sounded fresh, vigorous, and bracing, the ruggedness of the orchestral character and of the musical invention being here singularly well matched. Gibson pressed the work forward, firmly though not unyieldingly; one sensed his response to the pugnacity and also to the warming humanity of the underlying conception. There was no breath of the sermonising windiness that Nielsen's subtitle can seem to confer on some performances. Conflict, contrast, and reconciliation were heard to operate in richly satisfying musical terms, almost as though the work were the product of a latter-day Haydn, pouring rougher, more rebarbative materials into an angular (but still accommodating) kind of classical-symphonic mould.

Robert Tear and Frank Lloyd were the tenor and horn soloists in the *Serenade*. They did not quite persuade one, as the most vivid performances of the work can, that it is the most marvellously beautiful piece Britten ever wrote. Mr. Lloyd's horn began tremulously, though later it gained in dash and force. Mr. Tear was, as always, communicative and involved; but his style was at times insufficiently pure — too much "applied" expression in the Blake Elegy (where his soft singing tended to lose quality), runs all a-slither in the Jonson Hymn, high notes in the Dirge and in the Sonnet not always cleanly attacked. Cleanness of attack, and also steadiness fullness, and depth of sound, were the contrasting virtues of Peter Frankl's account of the Beethoven C minor Piano Concerto, a reading that attains new distinction with each hearing.

MAX LOPPERT

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Wednesday July 5 1978

Recreating a job market

THE GOVERNMENT'S positive response to the recommendations of the Boyle Committee on top salaries, following its concessions to the police and the firemen, confirms a growing recognition among Ministers that it is not only in financial matters that market forces must be allowed to have their effect. After three years of pay policy—in each case more rigid than the Government originally intended—the strains and anomalies which have resulted are naturally beginning to do serious economic damage.

Worrying question

The question which is now beginning seriously to worry the financial market, and pushing the Government and the TUC into contorted agonies of self-contradiction, is how the necessary adjustments to reality can be compassed without a renewal of general wage-cost inflation. If the restoration of differentials is resisted by those who have benefited from official favour in the last three years—and this is an obvious danger—then the only result will be another unrealistic "norm." with differential awards as a further addition, and sharp rise in prices to share out a limited real product among inflated money claims. The damage to confidence, investment, financial soundness and our long-term prospects can be illustrated from recent experience.

This general message now seems to be understood by the leadership of the trade union movement, as it was not four years ago, after the abandonment of Mr. Heath's incomes policy, and in that fact lies the main if questionable ground for some reassurance about the outlook. A draft from the Government-TUC liaison committee, publicised yesterday, concedes that the Government must, as economic manager of the nation, take an interest in the level of settlements in the public sector, and at the same time set its face against using public sector pay control as a substitute for a more general wages policy. It envisages a "thorough discussion" with the Government annually to create a "broad understanding." This is not too unlike the CBI's desire for indicative discussions on the Dutch-Scandinavian pattern.

Such discussions might not provide a bulwark against inflation, though they could have a valuable educational effect: but unfortunately there are strings attached to the idea. The liaison committee draft, echoed by the TUC General Secretary, Mr. Len Murray, in his speech to the miners' union yesterday, reiterates the trade union obsession with price controls as a necessary condition for rational wage claims. It does concede a case for "not unreasonable" profits, which again shows some advance in understanding, but the underlying myths remain.

The hope appears to be that if the Price Commission could dictate the average increase in prices for a year ahead, instead of merely forecasting it for a few months, bargainers would have a firm background against which to discuss real wages. The facts are very different. The Price Commission has never claimed more than a marginal influence on prices, but it obtains this at a heavy cost in administrative work and uncertainty.

The workplace

In fact the arbitrary rule of the Price Commission, like the compression of necessary differentials and incentives, is one of the ways in which efforts to limit numerical inflation have damaged real growth: and it is only real growth which can provide the resources from which overdue claims can be met without damaging the interest of the broad bargaining majority. The TUC still looks to the Government for growth; the realisation which still seems to be lacking is that growth is achieved in the workplace, or nowhere. The miners, while they commit their conference to absurd new percentage claims, have demonstrated in the pits how to earn higher real wages.

This is the positive side of a realistic wage regime. The negative side should be based not on administrative control of prices, but on the far more effective and pervasive effect of competition. The Government's central role is not as an employer, but as controller of financial policy: if the growth of credit and the likely movement of the exchange rate discourage inflationary behaviour, the employers and workers will be far more generally impressed than they would be by some exemplary low settlement in a weak part of the public sector.

Anarchy in the Lebanon

AT FIRST sight there is a bleak irony in the spectacle of the Syrian troops of the joint Arab deterrent force in Lebanon coming to blows with the two largest Christian militias operating in that country. In the summer of 1976 the Phalangists, together with the other paramilitary Maronite political groups welcomed with relief President Hafez al Assad's decision to intervene directly, in an attempt to bring the civil war to an end. The fact was that they were in danger of being totally overwhelmed by the Palestinians and their Left-wing allies. The Phalangists and National Liberals are now being subjected to the same kind of pressure suffered by their opponents during the campaign which brought an end to the civil war.

Blood-feuding

The clashes around Beirut over the past few days have little to do with the basic problem relating to the right-wing Christian hostility to the Palestinian presence on Lebanese soil or to traditional sectarian conflicts with the Moslems. Rather it is a symptom of blood-feuding and anarchical tendencies within the Maronite community. Collectively, the paramilitary groups felt that the civil war was their triumph and, feeling secure, have increasingly been in rivalry with each other. The origin of the latest round of troubles was the attack three weeks ago by Phalangists on the kinsmen and supporters of ex-President Suleiman Franjieh—in itself a reprisal for the murder of a single man.

Much more, however, is at stake for President Assad than the internecine conflicts amongst the Maronites. The Syrians originally intervened in Lebanon for a number of reasons. One was to stop the Palestinian and left-wing forces from gaining an ascendancy that might have provoked Israeli retaliation and dragged Syria into a much more serious conflict, which it could only lose.

Circumstances are now very different. Despite continued gangsterism and chaos in the non-Christian west of Beirut, the activity of the Palestinian guerrilla movement and of the left-wing forces has been more or less curbed, except south of the River Litani where the Arab deterrent force was unable to penetrate because of Israeli threats. In their own heartland, the Christian militias retain a much greater degree of independence and strength.

In trying to fulfil its mission of maintaining the stability and integrity of the Lebanon, Syria could not indefinitely tolerate open conflict among rival components of the Christian "Lebanese Front." Even less acceptable would be the evident conviction of the Right-wing leadership that they could assert their supremacy over the country as a whole when a long-term solution requires a national reconciliation for which President Sarkis and his Government has been pathetically striving. A third and equally serious factor has also led to the show-down. This is the Syrians' anger at the entrenchment of the Christian forces manning positions along the whole of the Israeli border.

The continued presence of this militia, under orders from the Maronite leadership in alliance with Israel, has not only complicated the thankless task of the UN Interim Force in Lebanon, which was designated to assume responsibility for the security of the whole of the Lebanon south of the River Litani. It is also a grave embarrassment and irritation to the Syrians who see their role as a proxy for the Lebanese Government until it can assert its authority and build up a plausible military force. Sooner or later they were bound to tackle with the Christian militias.

The world steel crisis and the challenge to BSC

BY ROY HODSON

THE BEST that can be hoped for world steel trading in the coming year is that it might not get any worse. Almost certainly it will not get better. The British Steel management team made it clear yesterday, when announcing continuing losses at a rate of more than £1m a day, that it will be relieved if the market "bottoms out" during the coming months at its present low levels. Viscount Etienne Davignon, the EEC's Industrial Commissioner, is sufficiently alarmed about the stubborn refusal of steel to regain ground in international markets to be calling a conference shortly of the heads of the European steel industries in Brussels. He may read the riot act once again to his erring flock about playing the game according to the rules. But underlying that meeting will be the understanding that great companies will be bankrupted unless a measure of stability and profitability can be restored in steelmaking.

The steelmakers are now rallying to the view that they are the victims of anti-inflation policies being pursued by the U.S. and West Germany, in particular. The ambitious steelmaking expansion plans of the early 1970s were rendered obsolete by the 1973 energy crisis and subsequent economic developments. Most of those plans were already rolling. Some are even now reaching completion to pump new steelmaking capacity into countries which already have more steel than they need or can export to others. The only hope of absorbing the extra steel is a pick-up in the economy of the western world. The companies now acknowledge that even the most optimistic among their salesmen are not prepared to forecast an upturn of demand in steel during the coming year. Instead they expect the market to be as flat as at present . . . or even flatter.

American steelmakers are experiencing rather better times than the rest of the world. Since the U.S. "trigger price" system of protection against imported steel was introduced last winter they have been relieved of some of the pressures from imports. Some American producers are now working at 90 per cent of capacity for the first time in years. Their good fortune has been, of course, at the expense of the other western world steelmakers who had been finding a good market in the U.S. British Steel, for instance, has had partially to withdraw from the U.S. market and expects that its sales to the U.S. this year will fall from recent levels of about 750,000 tonnes a year to perhaps 250,000 tonnes a year.

Europe, too, has introduced a system of protection for its steelmakers, hastily devised last winter in the form of the Davignon Plan. It is not in practice as robust a system as the U.S. one and is proving only partially effective.

The volume of third nation steel products being sent to Europe has been drastically reduced since the Davignon Plan was brought into effect last January. To that extent European steelmakers feel more protected. But the Plan has done little to stop cut-throat trading within the Community itself by steel producers, steel merchants, and steel stockholders. One estimate by a steel company sales office is that some 4m tonnes of steel products are at present in Europe looking for a home. Such a surplus does not lead to price stability.

But the more serious criticism of the Davignon Plan is that it is not being properly policed and therefore lacks credibility in the eyes of the steelmakers who claim they need its protection for their survival.

BSC LOSSES IN THE DIVISIONS 1977-78

	Liquid Steel (m tonnes)	Profit (Loss) £m	Capital Exp. £m
Scottish	1.6	(83.2)	94
Scunthorpe	3.8	(50.9)	58
Sheffield	3.0	(30.1)	74
Teesside	2.9	(90.7)	107
Welsh	5.0	(173.1)	109
Tubes	1.1	(40.5)	36

Source: BSC

When Viscount Davignon met the European steel industry heads recently to discuss the progress of his stabilisation and protection plan he went round the table accusing a number of those present with cheating on their own plan.

British Steel exceeded its voluntary sales quota in the first quarter of the year by some 10 per cent. Holland was the worst offender. Its companies exceeded the Davignon Plan quota by more than 20 per cent. Most companies have broken the limits.

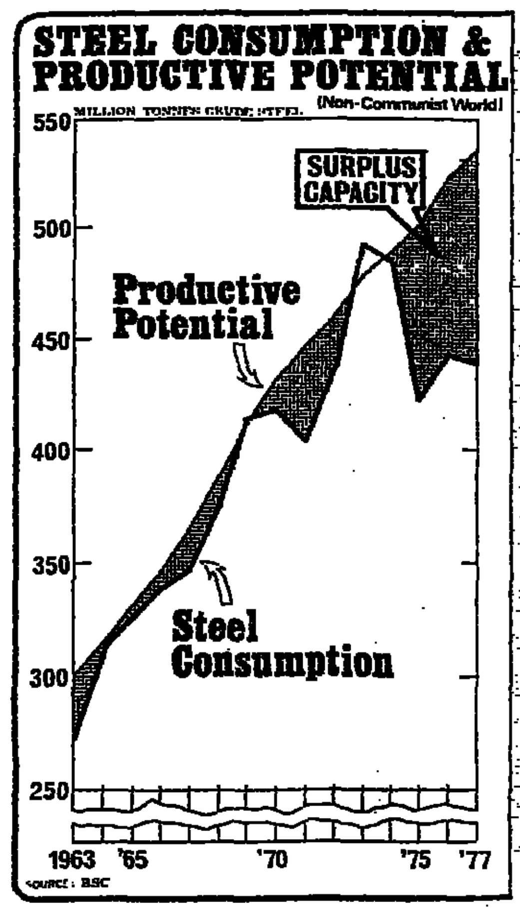
European steelmakers are now showing some contrition about these transgressions. They are expected, when next they meet Davignon, to promise support for harsher restraints upon steel trading during the coming months. The stubborn refusal of the market to pick up has now convinced most steel salesmen that continued unbridled competition will lead only to needless casualties.

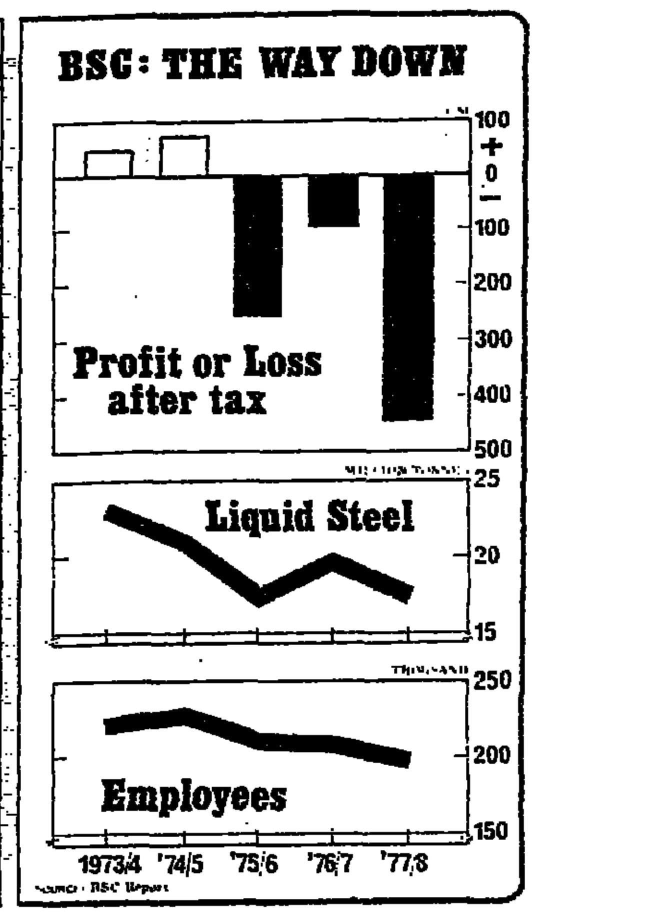
The need for the Europeans to put their own house in order is being made more urgent by the reasonable attitude being shown at present by the Japanese and some of the other big third world producers towards the restraint imposed by the Davignon Plan. Bilateral agreements for steel trading restraint concluded in the last few months by Davignon between the EEC and several third nation producers are, by and large, working well. But there is a danger that they could be ended abruptly by the third nations if European steelmakers fail to observe their own rules.

The Davignon Plan has two main components. It seeks short-term market stability by means of production restraint and the observance of minimum prices. For the longer term, it seeks the rationalisation of European steelmaking by strict control on the introduction of new steel-making capacity by encouraging the closing of old plants—with European Coal and Steel Community grants to soften the blow.

Whether or not the Davignon Plan will work better in the future than it has in the past few months depends ultimately upon the will shown by the big European steelmaking companies. During 1977 they paid lip service to the need for such a plan while making sure that their new European "club"—Eurofer—was not given the fire-power to control the destinies of individual members. Eurofer has been the weak link in the chain of command for the control of European steel. While the British have always pressed for a strong Eurofer, some European nations — notably the French, whose M. Jacques Ferry is the Eurofer chairman —have preferred Eurofer to remain a simple post office for the industry.

But attitudes to Eurofer have now undergone a sea-change after the worst business year that any European steelmaker can remember. It is likely that Eurofer will be equipped soon with a strong secretariat and the other teeth that are needed if it is to play an active role in policing European steel trading on behalf of producers.





Future export strategy

But protection of home and inter-EEC markets is only part of the problem now facing EEC steelmakers. Equally important is the question of the future strategy towards exports.

The acceptance of production restraints and the abandoning of many cherished plans for new steelworks is helping to form a new attitude towards all sales—foreign sales in particular. Sales directors are now talking of profitability instead of tonnages when assessing markets.

The value of British Steel's exports is expected to fall to £2.5m in the current year compared with £3.2m last year. But Mr. Gordon Sambrook, the commercial director, is looking for better profit margins from a smaller tonnage.

Most of the big European steelmakers are now resigned to jettisoning business with third nations which produces at best marginal profits and, at worst no profits at all—and has been variously regarded as dumping or "market penetration." The combination of Davignon and the U.S. trigger prices does seem to have brought about this new philosophy that profits are more desirable than tonnes of steel produced.

The accompanying table, Performance of Big Steel, shows how a number of typical large and medium sized steel companies have fared in the past year. At best, tiny profits have been made. At worst losses have exceeded £40 a tonne. That range of experience is believed to include most of the other companies in the world big league.

Such losses are insupportable for more than a short period. That is why the European companies are expected to go along with Davignon to the extent of shedding some 2m tonnes of ageing steelmaking capacity during 1978-79 in return for the Davignon Plan's protection of prices and markets.

Although British Steel appears in a not entirely discreditable position (about half-way down the league table of losses per tonne of steel made) the corporation is proving the most active of all the European industries in shedding old capacity and replacing it with new and more efficient plant.

Partly that is because the Corporation's present management has no option. So much of the new plant now coming on-stream at a rate of more than 1m tonnes of new capacity a year was started before the oil crisis and is now past the point of no return. But there is a second reason. After a long political dog-fight which lasted through the winter, and which was characterised by the reluctance of any Minister to be labelled as the politician who lost X-thousand steel jobs, the Government is now backing British Steel's slimming operation and the inevitable redundancies.

The Cabinet were advised that British Steel ought to try to shed 15,000 jobs this year and some 6,000 next year. In fact BSC's closures programme has exceeded those targets. The labour force has been reduced by 18,000 in little more than a year to 190,000 and more closures are in the pipe-line.

Members of the TUC Steel Committee, and the joint planning committee for steel closures, are now meeting British Steel management with greater frequency than ever before to discuss closure plans. Occasionally there are hiccoughs — the row over the Bilston works closure proposals last week, for example — but by and large the closures are going ahead far more smoothly than British Steel had dared to hope. The frequent meetings of senior BSC managers with union leaders in the broader arena of the European Coal and Steel Community's consultative committe in Luxembourg are helping towards greater union understanding of BSC's situation within the world steel crisis.

The British Steel board is still giving its managers the target of operating at a break-even rate by 1980. With expected losses of £400m in the current year that target does seem far away and difficult to hit. The combination of works closures and the introduction of efficient new plant should turn British Steel into one of Europe's most modern steel industries by the early 1980s. The question remains: will it make money too?

PERFORMANCE OF BIG STEEL

Profit or loss per tonne of steel (latest available period)

U.S. Steel, U.S.	+£4
Salzgitter Germany	−£11
Arbed, Luxembourg	−£11
Estel, West Germany and Holland	−£13
Klockner, West Germany	−£21
Cockerill, Belgium	−£24
BSC, Britain	−£25
Italsider, Italy	−£25
Usinor, France	−£29
Sacilor, France	−£42

MEN AND MATTERS

Kagan's shrinking denims

Further clouds appear to be gathering around Lord Kagan's textile group. They loom in particular over Crabtree Denims, the subsidiary in Todmorden, Yorkshire. A fortnight ago, Crabtree resigned from membership of the British Textile Employers Federation, whereas in 1975 the company had sales running at £2.5m a year and won the Queen's Award for exports. The workforce has been reduced to about 20 and administration has been moved to the group's main office at Elland. Shortly after Kagan had acquired Crabtree — and been given a government grant to modernise it — the workforce was around 200.

Coincidentally, the Treasury and Customs investigation into Kagan Textiles centres upon Crabtree Denims. On March 8, Customs officials and police raided Kagan's homes in Yorkshire and London, as well as the group's offices, to collect documents relating to export sales and currency transactions.

It is hard to obtain comments from the company upon developments at Crabtree. Kagan himself is not in Britain and details of when he is returning are unobtainable from Elland; he is reported to be in Texas. Also unavailable yesterday was managing director Bill Atack. I was told he was "escorting visitors from Europe" and his whereabouts could not be disclosed. Nobody at Elland could say why Crabtree has left the Textile Employers Federation or exactly how many people were still employed in the factory.

It was, however, confirmed that Crabtree has recently sold off some machinery — but none, I was assured, that had been bought with the Government grant. The factory was still making cloth, although production figures could not be given. In its exporting heyday, Crabtree was selling to manufacturers all over Europe. It also supplied Levi Strauss.

Chairman of Crabtree Denims is Lord St. Oswald, the Tory peer. This week he is in Luxembourg at a meeting of the European Parliament. When I talked to him on the telephone he expressed surprise at the news that Crabtree had recently made more workers redundant. "I am the non-executive chairman, of course," St. Oswald said: He had not been to the Todmorden factory recently — "I've been on this European lark." St. Oswald said that a lot of Gannex money had been put into Crabtree. He told me that Kagan —who was given first a knighthood, then a peerage, by Sir Harold Wilson — had taken over Crabtree when it was in difficulties "as a patriotic duty."

Facts of life

Does the average British motorist know his own blood group? In Germany and Switzerland, every driving licence carries this potentially life-saving piece of information, but our approach is more lax. When Lord Montagu raised in the Lords the idea that Britain should follow suit, his proposal fell on stony ground. So this week, the London Motorists Association — in which Montagu is a moving spirit — has sent out 20,000 letters canvassing opinion on the need for drivers to keep such vital data on their persons.

Brian Hunt, the company director who is honorary chairman of the association, assures me that a third of British motorists know their own blood group — which sounds on the optimistic side. If the reaction from the association's 25,000 individual members, and the corporate subscribers, is favourable, a new membership card will be issued. "We also want to include the names of the member's next-of-kin, the GP, whether the member is allergic to any drugs, has sugar diabetes — and finally, whether he or she is willing to be a kidney donor if killed in an accident." The association, founded in 1975, hopes that the Government will ultimately copy this initiative. The current British driving licence, which includes one's birthdate and sex in code, says Hunt, "contains a lot of useless stuff," but leaves out what really matters in an emergency.

"It looks like our short, cool summer will be followed by a long, hot winter!"

Coq au Kruger

Patrons of the Boulestin restaurant in Covent Garden may well be asking what will happen to their august French eating place now that it has been taken over by Maxwell Joseph, whose group, Grand Metropolitan, owns hotels such as the May Fair but also the Berni Inns chain. "The Boulestin is a world-famous restaurant and a worthy addition to the Grand Metropolitan Group," Joseph said modestly yesterday.

The restaurant is to be "completely refurbished and redecorated." A spokesman for Joseph assured me that there were no valuable paintings or furniture which would be sold. He also promised there would be no dismissals, though when I spoke to the staff they were completely in the dark about their future. The chef is South African and it may be news to the restaurant's clients that there is hardly a Frenchman working in the establishment Marcel Boulestin founded 50 years ago. Why not? I asked a waiter, to be told: "They make more money working in France."

Dollar dilemma

While Scotland Yard searches London for a storehouse of forged $100 bills believed to have been printed in South America, I am combing the streets for any caches of forged $10 bills. When leaving Peru, a colleague used a $10 bill to pay his $5 exit tax. A few minutes later an airline's employee raced on to the plane—a Braniff flight — and warned him that if he did not produce a genuine bill he would be turned off.

Protesting, my colleague accepted the bad bill and passed over a good one. He is still wondering whether he was not given the bad bill in London—or on the aeroplane.

Too taxing

Patriotic islanders on Guernsey snapped up the 25,000 sterling silver proof crowns issued to commemorate the Queen's recent visit. The price: £13.50, including VAT.

Now someone has realised that there is no VAT in the Channel Islands. The Royal Mint, which advised Guernsey on what to charge, has admitted its error, and the island authorities are refunding £1 to every local purchaser.

Observer

A suitable case for treatment

BY DAVID CHURCHILL

nptoms: Age 30, ly flabby, irritable, corked and under-

'gnosis: Possible col- generated by the ct of infinite aspira- and finite resources. scription: Infusion eas and resources d: a suitable case eatment.

A doctor might describe itional Health Service oday celebrates its 30th sary as the first health in the western world free medical care to a whole population.

the past 30 years the s handled 135m hospital nts and 1.3bn out- . It will have received 35m blood donations, l about 7.3bn prescrip- provided nearly 500m of dental treatment, ven about 180m sight The NHS has become 's largest employer and ends more than £5bn y — double the amount terms that it spent in y years.

tatistics are staggering. some idea of the sheer ity of the service. Yet not mask the severe is facing the NHS — s which perpetually leave it on the brink is and collapse, with f hospitals closing, the dying, patients unhappy, f restive. It is hardly an ging sign of the NHS's alth for it to celebrate versary at a time of such ng disruption by staff mber of hospitals.

the British Medical ion's decision to snub eal made by Mr. David the Secretary of State Social Services, for a laration of commitment to the NHS, has shown that the cracks cannot be papered over. The BMA, instead, yesterday issued its own assessment of the state of the NHS.

As if that were not enough, the 30th anniversary celebrations are also clouded by uncertainty about what the current Royal Commission on the NHS under the chairmanship of Sir Alec Merrison may recommend. The Commission is looking closely at the structure of the service since it was reorganised four years ago —disastrously according to most of the 2,000 submissions made—and is due to report early next year.

All the problems and crises now facing the NHS seem far removed from the determination of Nye Bevan in the late 1940s to introduce universal free health care "available to rich and poor alike in accordance with medical need and no other criteria." Not surprisingly, such a move aroused considerable controversy at the time but it was still, according to one contemporary historian, "the most unsordid act of British social policy."

It was soon clear, however, that even unsordid acts have a price. Originally estimated to cost £110m, the first year of operation cost £242m. The second year, estimated at £228m, came out at £305m. It was no surprise, therefore, when in 1950 a cash ceiling was set on expenditure—a forerunner of the present cash limits system of budgetary control—and was soon followed by charges for dentistry and optical work.

This early indication that health care did not come cheaply has been the recurring theme of the NHS, especially in the last four years. It clearly points up the dilemma facing not only our service but every health service in the world: that the demand for health care is infinite, while the supply of resources is not.

The 1950s, however, were a period of consolidation: of bringing together the various scattered elements which had been included in the service in 1948. Some of the gravest shortages of hospital accommodation began to be alleviated, especially as there was a fall in the numbers of children needing hospital care. But severe problems of overcrowding remained in the hospitals for the mentally handicapped and there was a continuing need to provide more accommodation, facilities, and staff for the growing proportion of elderly in the population. This problem has become even more acute now.

Waiting lists

But as Britain's economy recovered from the war, successive governments allocated more resources to expand and develop the service. Capital expenditure on the NHS rose from £24m in 1949 to £162m in 1974 in real terms. Between 1960 and 1974 the numbers of patients treated in hospital rose from 4.1m to about 5.5m, although the average daily number of patients fell from 410,000 to 341,000. But waiting lists for hospital beds increased by 85,000 to 550,000 in 1974.

In spite of the substantial increase in expenditure still more was needed to develop community care services and tackle the problem of waiting lists. But taken as a whole the population was receiving a vastly better service, in terms of the availability and quality of health care, than when the NHS first started.

In 1974, however, the situation changed dramatically. The NHS was reorganised completely to bring together the three functions which had remained separate but interdependent. These were the family doctor services, the hospital service, and the local authority health services such as midwives and health visitors. It is this re-organisation which has been so roundly condemned and blamed for many of the present NHS problems of inadequate resources and excess administration.

The re-organisation of the NHS had first been considered in 1955 by the Guillebaud Committee. But it was not until the late 1960s that serious proposals were put forward. The re-organisation eventually adopted —after many changes in the proposals at every stage—follows a multi-tier patern. At the top is the Department of Health and Social Security which retains overall control. Beneath this are 14 Regional Health Authorities, responsible for developing strategy within their regions.

The next tier consists of 90 Area Health Authorities in England and eight in Wales. These were given the job of planning, developing, and managing on a day-to-day basis the full range of health services. But because even these area authorities were too large in 56 instances, a further tier of management emerged with district authorities each responsible for populations of between 200,000 and 500,000.

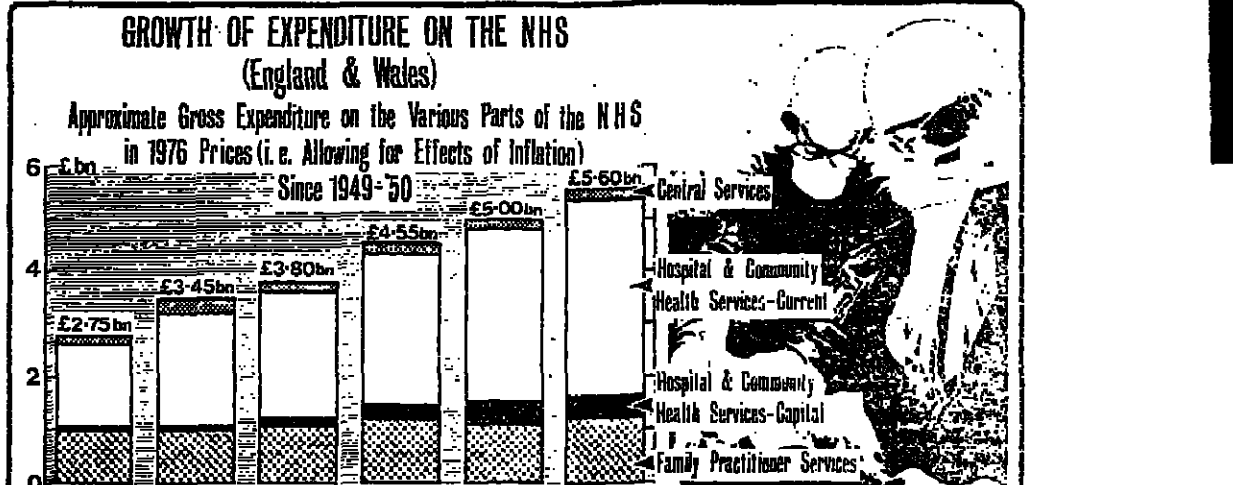
Unfortunately, the reorganisation never had a real chance to succeed. Its introduction coincided with the onset of the economic recession caused by the oil crisis in 1973. The rate of real growth in the service's current expenditure was cut to 1.5 per cent a year compared with over 3.5 per cent a year in the early 1970s. It also coincided with the end of the Conservative's policy of pay restraint and, in the period before the 1975 Labour pay policy, pay of NHS staff increased substantially. In 1974-75, for example, nurses' pay rose on average by 51 per cent. In a labour-intensive industry such as the NHS, the effect was to absorb more resources without any increase in the NHS's service in real terms.

At the same time trends which had been emerging for some years came to a head. Trade unions and professional groups demanded both more pay and more say in the running of the service. The newly-elected Labour Government's determination to phase out pay-beds added to the acrimony. Consultants for a time restricted their services over a failure to negotiate a new contract; and junior hospital doctors treated emergencies only over their own pay claim.

Within a year of re-organisation the consequent drain on resources was clearly felt. The number of new out-patients seen fell by about 900,000 and the number of main operations in hospitals fell by over 250,000. But waiting lists rose by a further 70,000.

All these factors, plus the early teething troubles associated with any major reorganisation, forced the Government within two years of the changes to set up a Royal Commission on the NHS's problems.

Although the Commission has attracted over 2,000 submissions, the main theme running through them all is that the NHS is over-managed. Critics argue that there are too many tiers of administration and too many administrators. An independent survey of NHS staff attitudes, carried out especially for the Commission, found "a great deal of anger and frustration at what many regard as a seriously over-elaborate system of government, administration and decision-making."



Administrator-bashing is undoubtedly a popular sport but there is evidence that the NHS administration "tail" has grown over-large. For every 10 NHS doctors in 1975 there were 32 administrative staff, compared with 28 in 1971. Every 100 nursing and midwifery staff had 26 administrative staff, compared with 23 in 1971. Between 1973-1975, an extra 13,803 secretaries and 5,421 administrators were taken on by the NHS—although only 2,423 extra doctors were employed. Since then the DHSS has tried to redress the balance with a 5 per cent across the board cut in administrative staff.

On the NHS structure itself, virtually all the submissions to the Royal Commission have urged scrapping at least one tier of the multi-tier system. Although opinions vary about whether it should be the regional or area health authority which goes, the consensus is firmly that the operational end of the service should be closer to the decision-making at the top.

The Commission will also undoubtedly note that in spite of 30 years under the NHS, the nations' health is better in some respects but appears to be worse in others. Time lost through sickness at work has risen by a quarter since 1948, while the major killers—cancer, heart disease, strokes, and bronchitis —are still with us to the same degree. And poorer people are even more likely than richer people to die now despite 30 years of welfare services: the differences in mortality rates between social classes have widened.

But as the NHS has in general been more successful in saving life, this has put a greater burden on health services. More young people survive nowadays with a serious disability and elderly people live longer. Thirty years ago one person in 30 was over 75; now one in 20 is past this age. Faced with an ageing population, the health and related personal social services have to grow just to stand still.

In addition new capital investment is required to replace old hospital buildings — a third of the present stock was built before 1900 — with new community hospitals. The accommodation problem is particularly severe in the inner city areas.

Probably the most fundamental failing of the NHS is that it has developed as a national *sickness* service. People expect to turn to it when ill rather than consider preventive measures in the first place. In part the Government is trying to change this by the present campaign for improving general health run by the Health Education Council.

In the long-term, however, the prevention of sickness may be more costly if it leads to more elderly people needing specialised care.

But more emphasis on individual health care is probably the most significant step that can be taken for the future of the NHS. Tinkering with its structure or discovering new methods of finance—such as a new tax on cigarettes—would only ease rather than cure the basic problem that there will never be enough resources for the NHS. The issue always will be just how those resources that are available are distributed to meet demand. The NHS rations them according to medical need; other health services, such as in the U.S. ration according to the ability to pay.

The long-term solution could lie in a mixture of increased self responsibility for health—to alleviate the treatment burden on the NHS—allied to the development of a more responsive health care system. As problems are identified—such as the more elderly age structure of the population—resources could be switched accordingly.

No doubt Mr. Ennals himself is contemplating possible alternatives for the NHS this morning from his bed in Westminster Hospital.

Letters to the Editor

norrow's top nagers

r. J. Walker

My daughter's sixth s now finished its "A" nd they are now biting uls awaiting the results. ave established where re going from here— ancy, electronics, bank- il Service, nursing and They are impatient to ted on their careers and earning money of their

s are looking for univer- ces. These tend to be and daughters of gradu- alternatively, those who irely academic interests pe, ultimately, to teach research. They are not ily the brightest; intel- y they are a fairly itative cross-section of h form except that they yet have the compulsion a career and make In short, they are less ientated than most of xth-form colleagues and heir chief distinguishing ristic—not intelligence amination results (to a xtent the same self-selec- rocess worked between d sixth form).

is is characteristic of non-public-school sixth the country, can we now of the fallacy that w's top managers must from graduate entrants lustry and commerce? As loyer myself I am quite that, looking at the orm at this particular there is more potential the good "O" level work ied young person than among those looking for ity places.

large employers provide privileged entry system promotional ladder for es. My experience sug- hat they already possess rable ability and poten- nong the school leavers recruited for some sed or limited progres- b.

experience also suggests irley Williams might do than her present policy couraging bigger sixth and wider access to ity. The same energy resources applied to oing the equally bright people already at work be far more cost-effective the national interest.

nderline the argument let tulate two fifth-form chil- with equal "O" level nation results. Can any- eriously argue that five rather casual study of history or economics is training for a managerial n than the same period a range of progressively responsible jobs in com- or industry?

Walker.
ood House,
Sidcup Hill,
, Kent.

n unfair uation

Miss F. Lane-Fox, O.B.E.

—Many severely disabled will receive an increased ly allowance of £10 per from today, backed up by w Motability plans to help purchase a car on easier

t is splendid news except ose of us whom the Govern- has chosen to exclude from aluable financial assistance ounds of age. Women aged d over, and men aged 64 over, never mind how ly they are handicapped, present law stand no hope of receiving either the mobility allowance or its fringe Motability benefits.

We who are senior citizens are eligible to free or concessionary fares on public transport but cannot use them because of our disabilities which some of us have suffered since we were children. Therefore to deny us the mobility allowance when our transport costs and difficulties are certainly no less than those of its beneficiaries and considerably more than those of able-bodied members of our age group who can use public transport is at least irrational.

The injustice of the present situation is emphasised by the fact that sex discrimination dictates that men shall receive the allowance at a five years older age than equally disabled women.

We bear a grudge against the legislators that they are thwarting our attempts to continue to travel and pursue a useful and in some cases working life. I hope the idiocy and unfairness of this situation will be so forcibly brought home to them by an understanding public that they will repair it.

Felicity Lane Fox.
30, Marlborough Court,
Pembroke Road, W8.

Fair to both sides

From the Assistant Director, Council for the Advancement of Arab-British Understanding

Sir,—On June 28 a report appeared in "Men and Matters" alleging that the Council for the Advancement of Arab-British Understanding had found Thames Television's documentary series on Palestine "pro-Israel" This is a considerable over-simplification. Certainly, as was correctly reported, members and officers of CAABU did have reservations about the documentaries in a number of limited areas. The feeling is, however, that as a whole the films were fair to both sides in the Middle East conflict. I think you will agree that this does not amount to CAABU having found the documentaries "pro-Israel."

(Dr.) A. R. George.
The Arab-British Centre,
21 Collingham Road, SW5.

Protecting the ignorant

From Professor D. Myddelton

Sir,—Mr. Roper (June 23) thinks protecting ignorant consumers outweighs the advantages of competition in some professions. His paternalist approach would not let people employ "unqualified" practitioners even if they wanted to, which is certainly convenient for the qualified professionals. Whether it benefits consumers is less clear, especially since their own opinions in the matter can apparently be completely ignored.

Where does Mr. Roper's anti-freedom argument end? Should the ignorant public be free to choose which books to read? Are many of the electorate really competent to participate in choosing a government, even a paternalist one? Or what about religion? Surely one risks "possible disaster" if one makes the wrong choice there?

D. R. Myddelton.
Cranfield School of Management.
Cranfield, Bedford.

Conveyancing difficulties

From Dr. M. Vincent

Sir,—Mr. S. P. Best (July 1) in his role as chairman of the British Legal Association, has seen my report on our conveyancing difficulties, which date from 1967, and he knows the financial difficulties of first time house buyers did not apply to us. Our problem arose when our family solicitor was acting for us. We have never questioned his charges. Our concern was to protect our investment and to ensure trouble-free use of our home.

The evidence before Mr. Best in his official capacity shows that in our case a routine drill of checking the services, which could have been carried out by any intelligent person, would have prevented our troubles. I have never suggested that difficult aspects of title should be dealt with by unqualified people.

As circumstances change and new evidence becomes available, Parliament may need to review ideas of what provides protection for the citizen, in conveyancing. Any standardisation that can be done with safety would cut costs and it would prevent errors of omission.

Surely Mr. Best should be now reviewing the situation critically instead of defensively, while accusing Professor D. R. Myddelton (June 21) of fallacious reasoning and me of being brainwashed. The reputation of his profession depends on how willing solicitors are to deal with their own errors, or to investigate alleged errors of other solicitors, and to deal sympathetically with clients' difficulties and financial problems.

Monica Vincent.
The White House,
Perranarworthal,
Truro, Cornwall.

Qualifications are necessary

From Mr. A. Roper

Sir,—Mr. S. P. Best (July 1) was absolutely right to disagree with both Professor D. R. Myddelton and Mrs. Monica Vincent. Shall we start a movement for the airlines to employ unqualified pilots to fly their aircraft instead of requiring fully qualified pilots to do so? That why we might get cheaper air fares next time we go on holiday, as unqualified pilots would probably not require the airlines to pay them so much.

It is about time that people woke up to the fact that qualifications are necessary in all fields to protect the consumer. Which would the public prefer? Marginal savings in costs or protection by properly qualified experts?

And yet, when it comes to one major transaction which really is of fundamental importance to the consumer and which involves the largest single amount of money he is ever likely to spend, we find that the consumer is being exhorted to save a fractional amount of money by employing unqualified conveyancers. This is the one field where there has been for many years just the sort of control the public deserve and need and it is a matter involving very numerous aspects of the law where specialist attention is really required. Solicitors are, in fact, the specialists who have detailed knowledge of the law after many years of study and are trained to do conveyancing and avoid the many legal pitfalls.

The protection for the public in this field lies in the fact that only solicitors are strictly controlled, tested for ability, covered by central negligence insurance and are subject to expulsion for professional misconduct.

Further, a recent survey has shown that the median level of solicitors' income is substantially below that of other comparable professions including in particular doctors and dentists. Thus, contrary to the popular impression and hysterical nonsense which one so often hears, solicitors do not make a fortune out of conveyancing work. It is about time that the ill-informed critics saw matters in their true perspective.

Alan D. Roper.
Court Chambers,
3 Victoria Street,
St. Albans, Herts.

Balanced budget

From Mr. A. Gray.

Sir,—writers of the quality of Anthony Harris and Samuel Brittan are deserving of much respect and their deliberations on the economy and public spending in particular are always interesting.

Nevertheless it often seems that they fall into the trap of being too academic, as for instance in considering what is a balanced budget. Anthony Harris (July 3) refers to the fact that the Government balances its books on current expenditure and income and that the borrowing is for long-term capital items. Another way of looking at the issue — with the eyes of a cynic perhaps — suggests that the Government is borrowing to pay interest almost on a pound for pound basis. There is a real rate of return in every sense of the phrase when for the fiscal year 1978-79 there is a public sector borrowing requirement projected at aroud £8bn and debt interest of £8.6bn.

I doubt whether any back manager, building society, pension fund or insurance company would lead me even a £1,000 each year for the next three years so that I could repay my new mortgage more easily.

Adrian Gray.
31, Russel Road,
Wimbledon, SW19.

Local authority spending

From Mr. C. Cooper.

Sir,—Mr. B. Campion (June 24) expresses the view of many people. In so many areas today, the person who, by thrift, prudence and self-denial, achieves any wished-for goal is condemned by the spendthrift whose own case is supported by the Welfare State.

More particularly the local and county authorities spend more and more on grandiose schemes imposed, upon the ratepayers as fulfilment of individual and collective day-dreams rather than community benefit.

The chairman of Salop County Council in his statement of April 22 says "the prime function of this Council is not to cut expenditure nor to keep rates down." With an attitude like that the ratepayer will never receive any consideration.

Local authorities should learn to spend money wisely and should be prevented from automatically increasing their revenues by rate increases. The people in California were able to do something—I wish we could.

C. H. Cooper.
12, Kingswood Road,
Shrewsbury, Salop.

Waterway funds

From Mr. P. Scott

Sir,—Your report (Men and Matters, June 29) about the future official appointments (or lack of them) for Sir Frank Price shows that the current differences between the British Waterways Board and the Government have taken another alarming turn.

The waterways were nationalised for the purpose of ensuring that the nation's transport network was utilised in the most effective manner for the benefit of us all. The Waterways Board has been given the responsibility of meeting this criteria taking into account both economic and environmental considerations. Sir Frank Price has stated that his board cannot undertake this task when insufficient cash resources are allocated to him. This view has been supported by the results of a detailed investigation by a Select Committee of the House of Commons, although the responsible Minister chooses to dismiss the findings of both these bodies. The resources allocated to the Waterways Board are infinitesimal compared with those allocated to the road industry and Sir Frank rightly feels that his hands are now being tied to the extent that he has an impossible job. Your report suggests, however, that the only response which he has received to his representations is that he is likely to be out of the running for any future official appointments.

I have recently been reading a book on the methods of political patronage in Communist countries. The similarities with this case seem alarming.

P. B. Scott.
46, Briar Avenue,
Norbury, SW16.

China's foreign bonds

From Mr. A. Morriss

Sir,—In Friday's issue there was an article about the possibility of the Chinese raising money on the United Kingdom market.

While agreeing that this is most laudable in every way, I would like to point out that they have not yet honoured their existing foreign bonds.

Quite apart from this, many British people, including my own family, lost a great deal of property and other assets during the revolution in China. No compensation has yet been forthcoming.

I am informed that an offer has been made to the Americans, who are similarly placed, and it seems inconceivable that an honourable people like the Chinese would treat us any differently.

The most likely explanation is that our own Government has been remiss in the matter.

Alan R. Morriss.
Pippingford Park,
Nutley, Sussex.

Redundant suffixes

From Mr. R. Hadfield

Sir,—Do we really need the new fashion in redundant "ly" and "ry" suffixes?

The latest bastion to succumb to this fad—the author of your leader of last Friday writes "voted expenditure is presently subject to cash limits." "Presently," in English, has until recently meant "soon," not "now." "Now" is simpler, "currently" is also available, "at present" does the job. Why borrow an American usage and lose the English meaning of "presently" when there are at least three perfectly good ways of saying "now"?

Here are a few more instances of this fad in redundant suffixes: citizenry for citizens, weaponry for weapons and hopefully for we hope (as opposed to its correct use as an adverb).

What price "journalry" for newspapers?

R. M. Hadfield.
4 Woodman Lane,
Sewardstone, E.4.

Today's Events

GENERAL

National Economic Development Council meets.

European Parliament in session, Luxembourg.

International Monetary Fund monthly gold auction, Washington.

The Queen visits Livingston new town.

Prime Minister attends National Health Service 30th anniversary reception, Lancaster House, SW1.

Princess Anne opens reconstructed Cammell Laird shipyard, Birkenhead.

Council of Institute of Chartered Accountants in England and Wales expected to issue statement of intent regarding Accounting Standards Committee's Inflation accounting proposals for quoted and other large companies.

Mr. Merlyn Rees, Home Secretary, gives luncheon address at CBNPE "Safety Offshore" conference, Cafe Royal, W.1.

National Union of Mineworkers' conference continues.

Sir Peter Vanneck, Lord Mayor of London, receives Mr. E. Freij, Mayor of Bethlebem, at Mansion House, EC4.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, report stage. Lords amendments to State Immunity Bill.

House of Lords: Report stage of Local Government (Amendment) Bill, Wales Bill, Rating (Disabled Persons) Bill, and Consumer Safety Bill.

Select Committees: Nationalised Industries (sub-committee C) Subject: Independent Broadcasting Authority. Witnesses: The IBA; Lord Harris of Greenwich (4 pm, Room 8). Parliamentary Commissioner for Administration. Subject: Ombudsman—review of access and jurisdiction. Witnesses: Civil Service Pensioners' Alliance (5 pm, Room 7).

COMPANY RESULTS

Final dividends: Brickhouse Dudley; Mansfield Brewery; Moorgate Mercantile Holdings; Routledge and Kegan Paul; John Waddington. Interim dividend: Anglo-American Securities Corporation.

COMPANY MEETINGS

See page 20.

COMPANY NEWS + COMMENT

Bath and Portland £0.2m higher at midway

FROM TURNOVER little changed at £37.41m against £36.93 pre-tax profit of Bath and Portland Group advanced from £1.88m to £2.05m in the April 30, 1978, half year.

Prospects remain unchanged from the March forecast of only a modest advance for the year.

The result is after depreciation of £0.72m (£0.76m) and interest charges of £1.08m (£1.43m). If corporation tax was to be charged at 52 per cent it would amount to £1.07m (£0.98m).

The interim dividend is lifted from 1.5p to 1.6p. Last year a 1.798p final was paid on record profits of £4.85m.

The group's interests include quarrying, concrete products, building and civil engineering.

● comment

Six weeks of low output in the UK during the winter months, owing to bad weather and problems on the textile machinery side explains the shortfall in interim trading profits at Bath and Portland. But at the pre-tax level profits improved a shade thanks to lower interest rates. Group interest charges were down from £1.43m to £1.08m, which represents over a quarter of the trading profit, on debt virtually unchanged since the year end. The overdraft stands at around £6.7m net; there are medium term loans, of £3.2m; and pre-payment finance of £13m (at 1 per cent over base rate), compared with shareholder funds of £17.3m. So the movement of interest rates is critical to the group's overall pre-tax performance. The main consumer of the group's cash—the now £100m Iranian road building contract—is around 60 per cent complete, and scheduled for finishing in December, 1979. Profits from the contract—and another in Iraq—chipped in £922,000, compared with £890,000. Meanwhile the construction picture in the UK is not so bright: Turnover here has fallen from £8.8m to around £7m, although profits have firmed a shade from £200,000 to £233,000. Much now depends on the group's ability to sustain the continuity of work in Iran once the jumbo contract is finished. The group is capitalised at £11.5m. The shares at 75p yield 7.4 per cent. and assuming full year taxable profits of £5.2m stand on a prospective p/e of 4.6, which allows fully for the problems.

McMullen up halfway

Turnover rose from £5.34m to £6.08m at McMullen & Sons, brewer, wine and spirit merchant and soft drink manufacturer, and pre-tax profits were ahead at £0.83m for the half year to April 1, 1978, compared with £0.67m last time.

Result was after depreciation £96,000 (£95,000) and interest receivable £48,000 (£104,000), etc.

Profit for the whole of the 1976-77 year for this close company was a record £1.46m.

INDEX TO COMPANY HIGHLIGHTS

LEP expects at least £4.6m

THE 1977 accounts of the Lep Group, international transport and travel agent, are expected to show pre-tax profits of between £4.6m and £4.8m, the directors report.

This follows a first-half jump from £1.59m to £2.56m. The directors said then that they were expecting the year's profit at least to equal the £4.07m achieved in 1976.

In accordance with usual practice, the annual report and accounts are expected to be sent out in September.

● comment

The Lep Group's latest forecast for 1977 compares with the interim prediction that pre-tax profits would "at least" equal the previous year's £4.07m. The new figure, therefore, is slightly more optimistic but still represents a 15 per cent decline in second-half profits. Lep missed out last year on the big currency gains of 1976 (nearly half the profit growth). With the vast proportion of profits earned from freight handling, Lep is largely dependent on world trade levels. After a bright start to 1977, the situation got worse in the second half, and some estimates for the growth this year are as low as 2½ per cent. UK profits, however, held up better in the second half and are expected to amount to more than 40 per cent of the group total, against 36 per cent. In the current year the first six months have apparently been dull and, while there are some flickerings of revival the second half is unlikely to be much brighter. At 237p the shares stand on a prospective p/e of 5.7 and yield 2.2 per cent.

Winding-up orders

Orders for the compulsory winding up of 24 companies were made by Mr. Justice Oliver in the High Court on Monday. They were:

Iran Caspian, Mayfair Cars, Montset, Rowdec Labour and Management Services and Geomat Construction.

New Forest Plant and Engineering, Owlcliff, Badger Paper Supplies, 1700 Computer Systems and All Sports Publicity Company.

Obliburn, Bridgejay, Endymion Estates, M. D. Shocket and Company and Quilla Investments.

Beasley Bros. (Civil Engineering), Audio Guide (UK), Jones Transport Services (Liverpool) and Jones Transport Services (Midlands).

Dunstable Transport and Storage Company, Marsway, Osmond Developments, Rockmant and Drummond Investors.

An order for the compulsory winding up of A. and L. Trucking, made on June 12, was recalled and struck out. The judge was told that the company had already been struck off.

600 looks to steel pick-up

SIR JACK WELLINGS, the chairman of 600 Group, tells shareholders that the group is still dependent for any major advance in performance upon an improvement in the UK economy, especially in the steel and allied industries.

Order books for the group's manufactured products remain strong, he says, and 600 has entered the current year well.

"We expect at least to maintain our overall level of results and with an upturn in the steel industry we should do better."

As reported on June 9, with profitability static in the second half, pre-tax profits for the March 31 1978 year finished ahead at £11.21m against £10.63m last time on external sales down from £180.42m to £175.22m. The dividend is stepped up to 4.08p (3.6845p) per share, but an additional 0.0346p is to be paid should ACT be reduced. Exports from the UK increased by nearly £5m to £47.47m (£42.69m).

Sir Jack says that the wide depression in the steel industry affected achievements of the group's iron and steel division even more severely than had been expected. And it reduced its contribution from £3.19m to £0.91m, on sales down from £102.2m to £85.9m, due to falling ferrous and non-ferrous scrap prices throughout the year, together with low demand.

The chairman says that efforts must be made by the scrap industry during the current year to obtain prices from the steel industry which bear a reasonable relation to processing costs, and which approximate closer to the value in use of other ferrous furnace feeds which, in the main, are imported.

Some improvement is expected, he adds, as prices move up from their recent low.

There were excellent results from the machine tool division, with profits ahead from £4.57m to £6.91m, and were assisted by a strong continuing demand for products both at home and overseas. Sir Jack says that in addition to the major expansion scheme for extending the range of Colchester lathes, directors approved two other schemes at a total cost of £5.5m.

T. S. Harrison will expand significantly the production of their new centre lathes, and F. J. Edwards will extend their range of sheet metal guillotines to heavier capacities. And they will produce a new extended range of press brakes.

Ropner down by £0.43m

SECOND HALF profits of Ropner Holdings dropped from £1.55m to £0.99m leaving the full year's pre-tax figure, to March 31 1978, behind at £2.37m against a peak of £2.8m last time.

At the interim stage directors reported a profit advance from £1.25m to £1.38m but expected profit for the full year, before extraordinary items, to be lower: after total tax for the year of £1.25m (£1.52m) and minorities £30,000 (£27,000), profit emerged at £1.1m (£1.26m).

But, after an extraordinary credit of £179,000 (£74,000 debit) net available profit came out at £1.28m (£1.18m); and was in line with directors' forecast, at halfway.

Earnings per 25p share are shown as 7.4p (8.5p) and the dividend is stepped up to 2.1308p (1.9076p) with a net final payment of 1.0633p.

The group owns ships and is concerned with insurance broking, and engineering.

	1977-78 £000	1976-77 £000
Turnover	12,518	10,422
Associates share	73	138
Pre-tax profit	2,371	2,801
Tax	1,245	1,588
Company	1,190	1,433
Associates	55	65
Minorities	30	27
Extraord. credit	179	†74
Available	1,275	1,182
Retained	960	900

● comment

Ropner's troubled shipping activities have had their anticipated impact on full year results with group pre-tax profits showing a 15 per cent shortfall. The shipping division's profits were 36 per cent lower, the associate's contribution was hit by poor results from Stag Line and a loan taken out on a new ship—the bulk carrier Lackenby—almost trebled interest charges. Elsewhere, insurance broking profits were held back by the decline in the vale of the dollar. Ropner's engineering interests have, however, cushioned the blow. Here, profits are almost a tenth higher, thanks to much better sales of garden equipment and telecommunication products which helped boost exports by almost 50 per cent to £3m. However, with only steady progress expected from this division, Ropner is unlikely to see much growth until the shipping sector starts to recover. The bulk carrier Stonepool is still underemployed and interest charges will continue at a high level. Meanwhile, the shares yield 8.2 per cent at 40½p while the p/e is 5.3.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Geo. Bassett ......sec. int.	4.26	Aug. 31	4.03	5.67	5.14
Bath & Portland ......int.	1.6	Aug. 18	1.5	—	3.3
Bristol Post	3.67	Aug. 1	3.46	6.37	5.76
Caledonian Cinemas	2.62	—	2.37	3.62	3.24
Dale Electric ... 2nd int.	1.49	—	1.44	—	2.45
G. H. Downing ...sec. int.	6.41	Oct. 2	5.72	11.41	10.38
E. Elliott	1.5	—	1	2.15	1.5
Eucalyptus Pulp	Nil	—	5	4.25	5
Hampton Gold	2.5	Sept. 7	1.45	2.5	1.45
Lincroft & Kilgour ...int.	1.5	Sept. 14	1.32	—	3.46
Rexmore	3	Sept. 5	2.75	4.25	3.85
Ropner	1.07	—	0.95	2.13	1.91
Tex Abrasives	2.27	Sept. 15	2.06	3.02	2.71
Winterbottom Trust...int.	2	Aug. 11	1.6	—	4.6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

G. Bassett down after second half setback

A SECOND-HALF fall from £1.54m to £1.06m at Geo. Bassett Holdings left the full year, to March 31, 1978, pre-tax profit down slightly at £3.02m, against £3.05m.

Turnover was ahead from £76.6m to £93.28m and included the contribution from subsidiary, Drakes Sweet Marketing which was sold in May of this year.

Earnings per 25p share are shown as 20.05p (22.54p) and a second interim dividend of 4.62436p (4.03364p) makes the total 5.66686p (5.135698p) net. The directors state that they intend to declare a third interim of 1p in August, should restraint end or such payment be otherwise permitted.

Pre-tax profit was struck after interest of £376,000 (£314,000) and was subject to a tax charge of £600,000 (£327,000).

After minorities, attributable profit, however, was boosted to £5.96m (£2.31m) after an extraordinary credit of £3.54m (£409,000 debit) comprising the profit on the disposal of Drakes Sweets Marketing, £3.72m, less the writing-off of goodwill arising on acquisitions during the year, £175,000.

● comment

It was a tough second half for George Bassett. At the halfway mark pre-tax profit was up from £1.5m to £1.95m, export sale volume was 21 per cent ahead and in the UK volume rose by 16 per cent compared with an industry average of only 3 per cent. But that picture changed dramatically in the second half. Domestic volume fell 2 per cent, and export volume dropped 3 per cent while margins were squeezed by a strengthening in the value of sterling. On top of this the company sold its tobacco retailing and wholesaling offshoot, Drakes Sweets Marketing while the decision to wind up the sundries division cost the company about £150,000 in profits. The change of pace in the second half caught the market unawares and the share price tumbled 13p to 120p, the low point for the year. The p/e is 5.8 and the yield, assuming the third interim dividend is paid, is 8.9 per cent. But if the dividend restrictions are not lifted the maximum yield is 7.4 per cent.

Scottish Widows lifts bonus

Scottish Widows Fund and Life Assurance Society is lifting its terminal bonus rates as from July 1, payable in respect of death or maturity claims on with-profit contracts. On ordinary business the new scale for with profit assurance, personal pension and Pegasus pension schemes now varies from 2 per cent of the sum assured or basic pension plus attaching bonuses for contracts taken out in 1970 to 43 per cent for those taken out in 1935 or earlier, compared with the previous scale which ranged from nil to 42 per cent. On group pensions, the single payment is increased to 90 per cent of employees' pensions from 80 per cent.

The company reviews its terminal bonus rates every six months and investigates the movements of asset values within the portfolio very closely. Although equity prices have not changed very much this year, gilt values have fallen substantially thereby improving the value of equities relative to gilts. The Society thus felt able to make slight improvements in terminal bonus rates.

An example of the effect is seen by considering a 25-year endowment taken out by a man aged 29 for an annual premium of £100. If it matured on July 1, the amount paid would be £6,831.65 whereas if it had matured on June 30, the amount would have been £6,633.74.

Bristol Post at peak £1.8m

AFTER RISING from £0.61m to £0.82m in the first half, taxable profit of Bristol Evening Post ended the March 31, 1978, year ahead from £1.24m to a record £1.78m from turnover up [illegible] to £18.28m.

At halftime directors expected the full year's result to compare favourably with 1976-77.

After tax of £0.99m (£0.68m) net profit was £0.78m (£0.56m) and earnings per 25p share are shown ahead from 10.45p to 14.36p.

The dividend is lifted from 5.759p to 6.37p with a final of 3.67p net.

The newspaper group is 24 per cent owned by Associated Newspapers.

Energy Services growth trend

Mr. R. Rigby, chairman of Energy Services and Electronics tells members that he views the future with quiet confidence; profits for 1978 are expected to show a further increase.

He says that no longer does the group have to hold back on expansion to create cash to repay short term borrowings and over-stretched creditors. He makes it clear that the group will never again be jeopardised by excessive short-term borrowings from bankers.

The loss of confidence of the group's previous bankers and the restrictions subsequently imposed contributed greatly to the length of time it took for the group to recover from its disastrous venture in to the North Sea oil industry.

In the year ended December 31, 1977 group pre-tax profit increased from £583,000 to £865,000.

ISSUE NEWS

Dartmouth Invests. £0.46m rights

Dartmouth Investments, Birmingham-based heating engineers, is raising £461,615 net by way of a one-for-three rights issue of 5p shares at 15p per share.

Over the past five years the company has spent £1.5m on buildings and machinery, which has been financed from own resources and bank borrowings. The directors state that although the company continues to operate within its bank facilities, which are adequate for current requirements, they now consider that a substantial part of this borrowing should be funded on a permanent basis.

The broader equity base resulting from the issue will give greater flexibility when considering further expansion opportunities as and when they arise, they add.

The issue has been underwritten by Sheppards and Chase and Smith Keen Cutler.

For the year ended March 31, 1978, Dartmouth almost doubled its pre-tax profits to £305,518 on sales up from £4.39m to £8.18m. The directors have budgeted for sales of around £10m in the current year and an increase in net income.

They intend to pay dividends of 1.25p net on the increased capital, compared with 0.8p last time.

The company makes products for the domestic and commercial heating and ventilating industries.

Laurence Gould placing

Laurence Gould and Company, a private agricultural consultant and farm manager, is to place 25 per cent of its shares with new shareholders.

The placing is being arranged by Foster and Braithwaite, stock brokers. There will be a prospectus available on July 11 and the public can apply for shares. About one half of the issued shares will be from the personal holdings of a director, the rest will be new shares.

Foster and Braithwaite intends to establish a price for the shares and will arrange dealings under the Stock Exchange's Rule 163 (2).

Yearlings up to $10\frac{1}{4}$%

The coupon rate on this week's batch of local authority yearling bonds has increased from 10⅛ per cent to 10¼ per cent. Issued at par, they are due on July 11, 1979.

The issues are: Brentwood District Council (£0.25m), Guildford Borough Council (£0.5m), City of Lincoln (£0.25m), London Borough of Wandsworth (£0.5m), Wycombe District Council (£1m), District of the Wrekin (£0.5m), Doncaster Metropolitan Borough Council (£1m), Derwentside District Council (£0.5m), Beaconsfield District Council (£0.25m), Metropolitan Borough of Wigan (£0.5m), Ynys Mon-Isle of Anglesey Borough Council (£0.5m), North Wolds Borough Council (£0.5m), City of Liverpool (£1.5m), Cannock Chase District Council (£0.5m), Newport Borough Council (£1m), South Derbyshire District Council (£0.25m) and Woodspring District Council (£0.25m).

South Northamptonshire District Council is raising £0.5m and Central Scotland Water Development Board £1m by the issue of 11¼ per cent bonds due on July 2, 1980, while Fenland District Council is raising £0.5m with 11¼ per cent bonds due on July 1, 1981.

Variable rate bonds are being issued by Luton Borough Council (£0.75m), City of Nottingham (£1m) and City of Aberdeen District Council (£0.5m) due on June 29, 1983 at a margin of ¾ per cent over six months LIBOR for the first six months.

HUNTING PETROLEUM

Application lists open and close today for the Offer for Sale by merchant bankers Robert Fleming and Co. of 2.7m Ordinary shares of 25p each at 85p per share in Hunting Petroleum Services which comprises the energy interests of the Hunting Group.

At the offer price the yield is a healthy 8.8 per cent, covered 2.4 times.

Extel sees progress

GIVEN reasonable trading conditions, The Exchange Telegraph Company (Holdings) will continue to make sound progress, Mr. John L. Harvey, the chairman, tells shareholders in his annual report.

The group has made steady progress and has invested over £8m in the development of its businesses in the past four years, the chairman says.

For the year ended March 31, 1978, profits before tax rose from £1.76m to £2.1m on turnover of £20.96m (£17.89m). The dividend is 5.415p (4.898p).

On a CCA basis, pre-tax profit is shown as £1.44m after a depreciation adjustment of £608,000, cost of sales credit £9,000 and a gearing adjustment of £83,000.

An informal professional valuation of the group's properties shows them to be £3.3m in excess of book value.

As in the previous year the total number of bookmaker subscribers to the Racing News Service dropped by over 300, but there are some signs that the decline will be at a lower rate this year the chairman says.

The Financial News Service had another satisfactory year and has been expanded to include information on the new London Traded Options market. The establishment of Fintel, a company owned jointly with the Financial Times provides business information services both in the UK and internationally, using the existing data bases of the Financial Times and Extel.

Tesco aims for bigger slice of market

TRADING in the early part of the current year at Tesco Stores (Holdings) shows encouraging trends, Mr. Leslie Porter, the chairman, says in his annual report.

Expenditure on food in the UK has stabilised and the group's development programme will secure a larger share of this market, Mr. Porter says. It is also expected that non-food sales will play an increasingly important part in profit growth.

Total capital expenditure in 1977-78 was £34m and it is anticipated that a further £100m will be spent over the next three years, says the chairman. A £6m contract has also been placed with IBM for a new generation of computers.

Turnover has improved by 43 per cent overall since June and the group's share of the grocery market has risen from under 8 per cent to around 12 per cent.

For the year ended February 25, 1978, pre-tax profits amounted to £28.56m against £30.19m, from sales (excluding VAT) of £952.99m (£701.29m). The dividend is 1.6297p against 1.4592p.

The pre-tax profit is reduced to £20.3m (£24.8m) after a depreciation adjustment of £4.9m (£3.8m), cost of sales, £12.2m (£10.6m) less gearing of £8.3m (£5.4m).

The policy following "Operation Checkout" of offering the lowest possible prices, meant an immediate reduction in the gross margin of some 5 per cent. Net margins as well came under pressure for several reasons.

The directors continued investing heavily in buying freeholds and long leaseholds for new stores rather than hold substantial liquid funds. Nevertheless, the group's own resources and facilities from bankers are more than ample to meet all foreseeable needs, the chairman says.

The Home 'n Wear activity met its targets and offers strong hopes for the future. There are now 8 in-store bakeries and another 4 will be added in the current year, while the 10 self-service restaurants will increase to 16 at the year-end.

At the end of the financial year, the group was stronger than ever and with solid grounds for optimism, says Mr. Porter. Now, after a year of dramatic change, the group is well placed to return to its more familiar growth pattern.

Meeting, Connaught Rooms, WC, July 28, at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglo-American Securities, Birmingham Pallet, Blackman and Conrad, Habit Precision Engineering.

Finals—Braham Millar, Braithwaite Engineers, Brickhouse Dudley, Colmore Investments, Walter Duncan and Goodricke, English Card Clothing, Mansfield Brewery, Philips Patents, Routledge and Kegan Paul, Technology Investment Trust, J. Waddington.

FUTURE DATES

Interims—	
Barclays Bank	July 27
Jackson (J. and H. B.)	July 11
Finals—	
Hollas Group	July 12
Hollis Bros. and ESA	July 20
Jacksons Bourne End	July 13
Jones Stroud	July 18
Textured Jersey	July 11
Wilkinson Match	July 11

Second half jump for E. Elliott

Following an £18,000 rise in the first half to £63,000 taxable profit of E. Elliott jumped from £154,552 to £246,555 in the March 31, 1978, year.

Turnover of the plastic moulding and optical goods group for the period was £4.67m compared with £3.52m and tax takes £128,784 (£83,370).

Earnings per 25p share are given at 5.66p (3.42p) on a net basis, and the final dividend of 1.5p takes the total for the year from 1.5p to 2.15p net.

In re-stating results in line with a new policy on depreciation, £10,058 has been deducted from the 1976-77 profit and a net £4,828 deduction has been made from retained profit.

Tex Abrasives expands to peak £0.46m

Pre?tax profit of Tex Abrasives expanded from £279,267 to a record £458,125 for the year to March 31, 1978 after £228,712 against £104,691, at halfway.

Directors then said that they saw no reason why profit for the second half should not be as good as the first.

Turnover for the full period was ahead from £4.48m to £5.21m and profits were struck after depreciation of £81,788 (£69,678). Tax took £161,773 compared with £132,544 leaving a net profit of £296,352 (£146,723).

The dividend is increased to 3.02234p (2.70675p) with a net final payment of 2.27234p.

Tunnel confident of progress

ALTHOUGH 1978-79 looks to be the year when the UK construction industry decline will be halted the increase in the price of gas and consequent changeover to coal firing in one of Tunnel Holdings' cement works coupled with continuing political uncertainty make cement prospects difficult to forecast, Mr. J. D. Birkin, the chairman, says in his annual review.

As previously reported taxable profit for the March 26, 1978 year firmed fro m£6.48m to £6.52m. At year end fixed assets were £17.54m (£17.45m), and net current assets were £21.9m (£16.47m) including £16.06m (£9.54m) of short term deposits.

Meeting, Tothill Street, SW, July 27 at 12.30 pm.

Rexmore cut by knitting losses

WITH WARP knitting operations contributing losses of some £0.5m and associates showing a £231,229 turnround to a £113,726 loss, taxable profits of Rexmore dropped from £0.97m to £0.89m in the March 31, 1978 year.

At halftime profit was up from £0.34m to £0.58m, pointing to a more than halved second half result of £0.31m (£0.63m).

Directors say the warp knitting losses occurred because of overcapacity and a fall in demand worldwide, and the continued penetration of the UK market by cheap imports.

Corrective measures were taken, they say, which included experienced new management, new machinery and the development of further products.

As a result of these measures the knitting operation is breaking even and substantial forward orders have been obtained for the new lines at enhanced margins.

Overall the Board expects there will be an increase in turnover coupled with a substantial recovery in pre-tax profits. First quarter figures confirm this trend, they say.

Turnover for the year was £31.34m against £31.83m. Last year's figures included £3.4m of turnover and pre-tax profits of £0.27m from Unerman Holdings, which was disposed of in September 1976. The current statement includes results of J. Rosenthal and Sons.

The profit for the year is subject to tax of £50,651 (£27,388 credit), minority interests of £5,940 (£44,470) and extraordinary losses of £0.31m (£0.63m credit).

Earnings per 25p share are shown down from 11.06p to 9.5p, and the final dividend of 3p takes the total up from 3.852p to 4.25p net.

As a result of prior year adjustments not included in the figures, retained earnings have been reduced by £134,903.

The company is engaged on the conversion of textile and pvc products.

Downing finishes at £1.72m

TURNOVER ROSE from £10.8m to £12.74m but pre-tax profits of G. H. Downing and Co. finished the March 31, 1978 year down at £1.72m, against £1.89m, with a second-half fall from £1.04m to £0.82m.

Directors reported interim profits up at £0.9m (£0.85m) but said that the company was entering the winter period with low stocks and, although prospects for the building industry were uncertain, they expected some improvement in trade in late 1978.

After a tax credit of £0.3m, compared with an £0.63m charge, net profit was higher at £2.02m, against £1.25m, and earnings per 50p share are shown as 67p (41.5p). The dividend is stepped up to 11.41343p (10.37585p) net, with a second interim of 6.41343p —if ACT is reduced the directors will consider a third interim payment.

There was an extraordinary credit of £113,284 (£1,208), making a profit of £2.13m (£1.25m).

Electronic Rentals chief sounds optimistic note

THE current year has started well at Electronic Rentals Group and Mr. Maurice A. Fry, chairman, expects to be able to report further substantial progress next year.

The company's strong cash flow will enable it to take advantage of opportunities as and when they occur both at home and overseas to expand operations.

Mr. Fry points out that the cash flow has remained strong despite heavy calls made upon it to meet the cost of the UK acquisition programme, development of overseas operations and higher dividend payments. During the year under review the level of overall borrowing was reduced by some £2m.

The ratio of bills and borrowings to shareholders' funds has been reduced by the release of the deferred tax provision less goodwill write-offs and the impact of the reduction in the borrowing level decreases the gearing ratio from 0.88 in March 1977 to 0.71 at March 1978.

Contracts for capital expenditure at March 31, 1978 not provided for in the accounts, including equipment for delivery before March 31, 1979, amounted to approximately £1.93m (£1.71m). Authorised by the directors but not contracted for was £22.78m (£19.05m).

As already reported taxable profits for the year to March 31, 1978 rose from £10.44m to £13.7m.

FRENCH KIER

The integration of the UK construction operations of French Kier Holdings has proceeded to the point where a single management company, to be called French Kier Construction, has been formed. This will control the UK activities previously undertaken by Kier Ltd., Charles Brand and Son, W. and C. French (Construction), and the contract operations of Kier (RBW).

While these companies will continue to trade for some time to come, new contract work will be undertaken in the name of French Kier Construction. Management headquarters will be at Tempsford Hall, Sandy, Bedfordshire.

Lincroft ahead 16% at midway

FROM HIGHER turnover of £6.5m against £5.91m, profits before tax of the Lincroft Kilgour Group rose 16 per cent to £424,246 in the first six months to March 31, 1978.

However more recent trading has been depressed and the directors feel that results for the current year will not reach the record £1.04m profit achieved in 1976-77.

The interim dividend is stepped up from 1.32p to 1.5p per share and assuming existing dividend controls remain in force, a maximum permitted final will be recommended. The total will include any additional dividend permitted for 1976-77 should the proposed reduction in the tax rate become law. The previous final was 2.14p.

Earnings per share at midway are shown at 5.27p (6.69p) and 3.73p (same) net.

In his interim review, Mr. Tony Holland, the chairman, says that the trading profit for the half year has fully justified the measure of optimism to which he referred in his annual review in February.

He points out that the general recession in world trade is beginning to have its effect on the merchanting division with its high percentage of export sales. "Of particular concern are artificial barriers being erected to restrict imports by certain of our traditional markets."

In the clothing division, the bespoke tailoring section is still operating very satisfactorily and the Yorkshire-based section, which manufactures suits on a volume basis, is continuing with its programme of rationalisation aimed at achieving higher productivity and profitability. "However, this section continues to face severe competition from imports which has squeezed margins," Mr. Holland adds.

SCOTTISH & UNIVERSAL

Scottish and Universal Newspapers, Scotland's largest provincial newspaper group, has announced the acquisition of Eadons Newspaper Services.

Eadons, Sheffield, supplies artwork and editorial services to newspapers throughout the UK including the Channel Islands, Isle of Man, Eire as well as Australia and New Zealand.

Carlton Inds. foresees further improvement

THE order books of all the divisions of Carlton Industries currently show an increase over the previous year and if present trends continue Mr. Leon Roydon, chairman, confidently expects an improvement in group profits.

During the year to March 31, 1978, as reported on June 3, taxable profits expanded from £7.81m to £10.39m. The final dividend is 3.47p for a 5.47p (4.9p) total. As indicated in the Hawker Siddeley offer document a 2p interim has been declared for the first three months of the current year. This compares with 2p for the first six months of last year.

As a result of the offer by Hawker Siddeley it now holds 52 per cent of Carlton. London Merchant Securities still holds 28 per cent.

To bring the company's accounting year in line with that of Hawker the current period will run for the nine months to December 31, 1978.

As part of the transaction with Hawker the battery division of Carlton (Haddon-Oldham) acquired from July 1, 1978 Hawker's lead acid battery division, Compton Batteries.

A breakdown of shareholders' funds and borrowings at March 31, 1978 shows (£000s omitted): Haddon-Oldham £11,117 (£8,463) and £5,251 (£2,188); Invergordon £9,121 (£16,354) and £3,109 (£3,119); Comben £7,968 (£7,691) and £7,083 (£8,503); Holding company and other activities £383 (£2,850) and £3,962 (£8,683).

On a current cost basis pre-tax profits are shown at £8.43m, after adjusting for depreciation £0.81m, cost of sales £2.18m and gearing £1.03m.

Meeting, Bristol, on July 27 at 12.30 pm.

Drummond Investors wound-up

Drummond Investors, said to have debts of about £50,000, has been compulsorily wound up after a High Court judge refused to sanction a scheme for its survival. Mr. Justice Oliver said there were matters which required investigation.

Under the scheme, Mr. Alec Davey, father of Mr. Michael Davey, the sole remaining director of the company, was to put up £15,000 for the payment of established creditors.

Mr. Robert Reid, who presented the scheme on behalf of the company, said it had been approved by "a thumping majority" by a meeting of creditors in May.

The judge said the creditors' meeting had voted for the rescue scheme on the basis that they would receive 31p in the pound. But a claim by Mr. Reginald Keevil of Wookey, Somerset, if proved, would reduce that to 22p in the pound, and if other creditors had known of it they might not have voted as they did.

The judge said the petition had been before the court on seven previous occasions, and it would not be right to keep the petitioners any longer in doubt.

Bazaloni's difficulties

After all charges and tax, profits of Bazaloni Holdings for 1976 advanced from £82,114 to £97,255.

The directors report that the delay in publishing the accounts is again due to difficulties experienced in obtaining from India all the essential audited statements in respect of the subsidiary company.

The dispute with these company's former agents in India has been largely responsible for the delay and protracted court proceedings were necessary before all the required information was finally received.

The Government of India has indicated that it is not prepared to approve remittance of profits until the requirements of the foreign exchange regulation Act have been fully complied with, and the question of tax allegedly deductible from secretarial remuneration has been resolved.

In these circumstances no remittance has been received since early 1976 and it has not been possible to pay the dividend recommended for 1975.

The directors therefore consider it unrealistic to consider declaring a dividend for 1976. This recommendation also takes into account the possibility of incurring in India unusual expenditure on other legal matters which concern the subsidiary company.

There are certain contingent liabilities in respect of forward tea contracts which were undelivered and for other claims and expenses which will be incurred due to legal proceedings instituted by the former agents of the company which are presently before the courts in India.

Although the directors consider that the company has justifiable counter-claims against Octavius Steel Calcutta, account must be taken of the likelihood of some legal costs which may be difficult of recovery, and of possible damages in the event of judgment against the company.

This litigation may also contribute to further delay in remittance of profits from India and, in these circumstances, the lack of funds in the UK with which to meet expenses incurred in this country is causing the directors some concern.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

The De La Rue Company Ltd.	London W1	£5.526.909	31. 3.78
East Midland Allied Press Ltd.	London EC1	£420.613	1. 4.78
W Henshall & Sons (Addlestone) Ltd.	Byfleet	£37.879	31. 3.78
Energy Services & Electronics Ltd.	London SW1	£169.909	31.12.77
Electronic Rentals Group Ltd.	Weybridge	£5.573.076	31. 3.78
Dartmouth Investments Ltd.	Bilston	£118.646	31. 3.78
Leigh Interests Ltd.	Birmingham	£296.320	31. 3.78
Control Securities Ltd.	London EC4	£73.763	31. 3.78
The Lilleshall Company Ltd.	Telford	£58.281	31.12.77
Lamont Holdings Ltd.	Belfast	£33.841	31.12.77
Queens Moat Houses Ltd.	Romford	£82.483	31.12.77

Published by the Treasury as required by the above Act.

BIDS AND DEALS

Newman Tonks' £4m. offer for Econa

SHARES of Econa, the Birmingham sanitary engineers, jumped 19p yesterday to 91p on news that another West Midlands company, Newman Tonks, had launched an agreed bid worth £4m.

Last week Econa's shares were suspended at 72p following the announcement of bid talks. These have resulted in Newman Tonks, the hardware and tubes group, offering nine of its shares plus £4.35 for every ten Econa shares.

The bid values Econa's shares at 96½p—with Newman's shares easing a penny yesterday to 59p. There is a cash alternative of 94p. a share.

Econa yesterday also revealed an 18 per cent decline in pre-tax profits for the year to March 31, 1978. Profits of £568,342 were struck after charging bad debts of £94,000 and supplementary retirement benefits up from £16,000 to £60,000.

Sales last year rose from £6.1m. to £7.7m. The group is proposing a 2.21p final dividend but says that if the bid succeeds this will not be paid to existing shareholders.

Newman is forecasting that its pre-tax profits for the year to July 31, 1978, will remain around the same level as last year's £1.7m. On this basis Newman is forecasting a final dividend of 3.1535p making a total for the year of 4.0535p net compared with the previous year's 3.63p net. Econa's shareholders will be eligible for Newman's final dividend if the offer succeeds.

The bid has the backing of the Econa directors who say that they will accept it in respect of their own 6 per cent holdings.

RANSOMES SIMS U.S. EXPANSION

Ransomes Sims and Jefferies has acquired 34.2 per cent of the equity shares of Wisconsin Marine Incorporated of the U.S., a leading manufacturer of professional rotary mowers for $624,000 in cash.

In acquiring these shares Ransomes has entered into an agreement whereby it may, in certain circumstances, acquire a controlling interest in Wisconsin Marine (some 95 per cent of the equity).

The formula is related to future earnings, but the total consideration is likely to be less than 10 per cent of the present net assets of Ransomes.

WACE PURCHASE

Wace Group, the London based printing plate manufacturer has agreed terms to acquire a private company with similar business interests.

The group's share price was suspended at 58p yesterday after rising 6p on Monday. A spokesman for Wace said that the group had reached "agreement in principle" for a major acquisition.

At yesterday's suspension price Wace is capitalised at £642,000. Last year the group achieved record pre-tax profits of £135,200 on turnover of £2.27m.

Last month the group sold its 65 per cent stake in Gainsborough Press to E. T. Heron—in which two former directors of Wace have a substantial interest.

The deal realised £71,768—including the repayment of £48,368 of loans.

LOSSES CONTINUE AT CUSTOMAGIC

Losses continue at Customagic, the furniture group which is the target of a bid from Mooloya Investments—a bid which the Takeover Panel is investigating in case some shareholders are being paid incentives not open to the majority.

Preliminary figures released yesterday reveal that pre-tax losses for the year to April were £189,000, £38,000 more than in the previous year when the board hoped for a turnover after "strenuous efforts to curtail expenditure."

No dividend is to be paid, making it eighteen months since Customagic has announced a dividend.

The pre-tax losses are arrived at after allowing for depreciation and interest charges of £177,000 (£259,000) but after including a £284,140 temporary employment subsidy.

There was also an exceptional stock loss on an importing operation, amounting to £80,000 and below the line there was no extraordinary credit to balance last year's credit of £6,000. After tax losses amounted to £104,000 (£96,000). A further £80,000 of goodwill has been written off, the same figure as in 1977.

Last weekend, Customagic's board published its detailed rejection of the bid from Mooloya which stressed the strong asset backing in the company of 31.7p per share.

However, the board did warn that the bid was disrupting trading and that the performance since the April year end had been damaged by the uncertainty.

FORWARD TECHNOLOGY

Forward Technology Industries, in pursuance of its stated policy of disposing of the assets of the old MPI Group, announces that 14 freehold properties have been sold for £468,000 cash. Of this sum, £440,000 has already been paid and the balance is payable within the next week.

The properties have a book value of some £498,000, and produce a rental income of £52,000 per annum. All but one have been sold to a private company, Fredk. W. Paine, which already leases the premises as funeral parlours.

RACAL DEAL WITH WAVERTEX

Racal-Milgo, of Reading, has signed an exclusive agreement with Wavertex Data Communication, of San Diego, California to market Wavertex voice response systems throughout Europe, Africa, and the Middle East.

BTR HAS 28% OF WORCESTER

BTR has acquired 28 per cent of Worcester Controls, a US company which it is bidding for. BTR is expected to buy a further 4 per cent.

The takeover offer is at $30 per share and is subject to approval by holders of a majority of the outstanding stock in late August or early September.

SPOONER OPPOSING SANDVIK

The Board of Spooner Industries is now opposing the bid from Sandvik of 80p cash, which compares with that from Redman Heenan of 65p (also rejected). Shareholders are advised to take no action and await the Board's detailed reasons why it thinks Sandvik's offer is inadequate.

LYLE SHIPPING

Lyle Shipping in a letter sent to shareholders says that its decision to sell its stake in Seaforth Maritime had been prompted because the group had been unable to justify the level of capital commitment which Seaforth's future development required.

The group also said that it had recently concluded loan agreements reducing its exposure in Dutch Guilders and Swiss Francs. As a result most of its shipping loans were now in pounds sterling or U.S. dollars.

Lyle said that it would not be taking advantage of the Government's moratorium of sterling shipping loans—a scheme which it described as ill conceived. "Ironically the scheme will have the effect of subsidising certain U.K. owners and not others," said Lyle chairman Mr. Herbert Walkinshaw.

IRI drops deal with Glynwed

The sheet steel division of Cashmores, part of the Glynwed group, and which lost £1m last year is not now to be sold to Finsider International a subsidiary of IRI the giant Italian state holding company.

Finsider was originally prepared to pay between £4m and £5m for the steel division but Glynwed reported yesterday that the Italian company had withdrawn its offer at the "final detail stage."

The British group yesterday reported the Italian's decision to representatives of the 300 workers employed by the sheet steel division.

A spokesman said that after losses of £1m last year the division had made a modest profit in the first half of the current year.

SIEMSSEN HUNTER

Siemssen Hunter, the tobacco and specialist publishing group, has sold its remaining 49 per cent interest in Siemssen Threshie and Co., tobacco leaf merchants and brokers, to Standard Commercial Tobacco Company, of New York, for a total cash consideration of £256,000. This transaction is subject only to the formal approval of the Bank of England.

The consideration compares with a net asset value of £136,003. Although Siemssen Threshie contributed pre-tax profits of £111,056 in 1977, the current year will not see a repeat of this record.

The sale proceeds, together with the immediate release of bank overdraft guarantees for Siemssen Threshie of £171,500, will be used to finance the growth of the subsidiaries and produce a more uniform pattern of trading.

KELLOCK

Shareholders of Kellock Holdings and Belgrave Assets have given the necessary backing for the scheme of arrangement whereby Belgrave is to become a wholly owned subsidiary of Kellock.

This is expected to be concluded by the end of July after which Kellocks is to seek an unofficial listing for its shares under rule 163(2).

CARLESS CAPEL

Carless Capel and Leonard has announced agreement in principle to subscribe through Carless Europa for 750,000 new shares in Newport Petroleums, of Canada, at 60 cents per share. The total consideration of $450,000 will give Carless Europa 30 per cent of the enlarged equity of Newport which is a private oil and gas exploration company.

COSALT BUYS BOC OFFSHOOT

Cosalt has agreed to purchase the goodwill, fixed assets and stock of the B.O.C. International subsidiary North Sea Marine Rig Services, for some £535,000.

This acquisition will provide an extension to the range of services already offered by Cosalt to the offshore oil industry to which sales of over £2m were reported in 1977.

The main activity of the company is the provision of general marine and oil field consumable supplies to the offshore industry, including lifting equipment, hydraulics, anchors and mooring systems.

The base of North Sea Marine at Dyce, Aberdeen will be closed and its business will be absorbed into the existing Cosalt facilities in Aberdeen. The depots at Dundee, Peterhead and Lerwick will continue to operate.

DERRITRON

Amalgamated Industrials Holdings has purchased a further 10,000 ordinary shares in Derritron, bringing its total holding to 9,949,296 ordinary shares (83.1 per cent).

Today's company meetings

Ash Spinning, Shaw, 10.30. Cater Ryder, 1, King William Street, EC, 12.30. Foster Bros., Solihull, 12. Heath (C. E.), 14-20, St. Mary Axe, EC, 12. London Trust, Connaught Rooms, WC, 12. Sainsbury (J.), Connaught Rooms, WC, 12.

MINING NEWS

Hampton expands coal interests

BY PAUL CHEESERIGHT

HAMPTON GOLD MINING AREAS is extending its interests in the UK coal industry by the acquisition of Wultex, a private coal mining machinery company in Yorkshire. The deal is worth £2.77m on the basis of Hampton's closing share price yesterday of 137p.

The terms of the acquisition, announced yesterday but subject to the approval of Hampton shareholders at a meeting on July 29, are a cash payment to Wultex of £1.4m and the issue of 1m shares credited as fully paid.

The issue of 1m shares will increase Hampton's capital to 5.195m shares, thus giving Wultex nearly 20 per cent of Hampton. A further effect of the issue will be to reduce the CCP North Sea Associates' holding in Hampton to 13.95 per cent from 17.27 per cent.

Hampton accompanied the acquisition announcement with a declaration of intention to recommend dividends of 3.5p net per share for the year to March, 1979. This compares with 2.5p for the year to March, 1978, also declared yesterday.

Hampton's net profits for the year to last March were £342,210 compared with £294,938 in the previous year despite a reduction in royalty income from Western Mining Corporation's nickel operations in Western Australia to £482,176 from £752,572.

Trading profits in the last year were just £3,952 higher than in 1976-77 at £317,335. Although exploration costs were lower at £288,646 against £367,686, the main reason for the higher net income was the release of tax provisions worth [illegible] made in prior years.

Earnings per share were 8.2p. Had Wultex been included in the 1977-78 figures with its estimated pre-tax profits of £800,000, Hampton calculates that the earnings per share on enlarged capital would have been 10.5p.

The purchase of Wultex deepens Hampton's UK interests which have hitherto been confined to coal mining under licence from the National Coal Board and North Sea exploration where it is a member of consortia led by Sun Oil of the U.S.

Wultex, which has net tangible assets of £1.32m, is a growing specialised equipment manufacturer producing conveyor components, 90 per cent of which are sold to the NCB. It has plans in hand for a new factory and a new range of products, which could create 100 new jobs, boosting its payroll by 50 per cent.

It will maintain its identity within the Hampton group and Mr. Ian Roberts, the managing director who will join the Hampton Board, made it clear yesterday that Wultex would not have agreed to go under Hampton's wing if it had felt its operations would have been subject to unwarranted interference.

Hampton is financing the acquisition from its own resources—cash and short-term deposits stood at £1.47m at the end of the last financial year—and is continuing to look for growth in Australia, where it is also interested in the coal industry.

But Mr. J. R. Ley, the chairman, disclosed that the group is withdrawing from the Torrington wolfram venture. Its present stake has been reduced to 8.7 per cent, following an earlier decision not to take a 30 per cent. stake. It has accepted an offer for its holding.

The tone of his remarks in the annual report makes it clear that Hampton was unable to agree with Pacific Copper, the main shareholder at Torrington, on development policy. Hampton has also sold its 18.7 per cent interest in Silver Valley Minerals.

Beralt purchases another mine

OVER THE next 17 months, Beralt Tin and Wolfram will spend about FFr 15m (£1.8m) to acquire the wolfram operations in Portugal of Mines de Borralha, it was announced yesterday.

The Borralha mine is north east of Oporto, about 300 miles from Beralt's existing wolfram mine at Panasquiera. Once purchased it will become a subsidiary of Beralt's 80.55 per cent owned operating unit in Portugal.

Borralha is incorporated in France. It will receive payment for its mine in three cash instalments: the first of FFrs 5m (£600,000) on completion of the transaction and the second and third of approximately the same amount each on December 31, 1978 and December 31, 1979.

The exact amounts of the second and third instalments will depend on a formula related to wolfram prices worked out by the two parties.

Beralt, which is 46.3 per cent owned by Charter Consolidated, is viewing this expansion of its Portuguese interests as a long term investment. Indeed, it comes at a time when Beralt has been facing problems of industrial unrest and falling production.

However, the group has substantial reserves in Portugal. The last annual report showed that at the end of 1977 short term deposits and cash in the bank totalled £6.9m. It is from these reserves that the purchase money will come.

Borralha last year produced 226 tonnes of wolfram concentrates and made a net profit of FFrs 3.5m. Beralt's own production was 1,287 tonnes an abnormally low amount compared with 1975 when output was 1,742 tonnes.

But Borralha is in the middle of an expansion programme. A new incline shaft is being commissioned and capacity is expected to be 360 tonnes a year by 1980.

There is a ferro-tungsten plant at the Borralha mine and this was probably one of the reasons why Beralt made the acquisition. It has no benefication facilities of its own at Panasquiera and Mr. L. G. Stopford Sackville, the chairman, said in May that studies into the feasibility of establishing a plant in Portugal had been inconclusive.

The announcement of the acquisition came too late in the afternoon to have much effect on the Beralt shares which closed unchanged yesterday at 53p.

Work starts at Agnew Clough's vanadium mine

AGNEW CLOUGH has started work on a A$6m (£3.7m) vanadium project at Coates Ridge, near Wundowie, 40 miles east of Perth, writes Don Lipscombe.

The company has let a A$43,000 contract for site clearance and access roads to the deposit area and plans to intal primary and secondary crushers costing A$250,000 when the access work is completed later this month.

Production should start by the end of 1979 at 1,130 tonnes of vanadium pentoxide a year.

The deposit, which will be open-pit mined, has been under the control of Mr. Garrick Agnew's companies since the 1960s, but its development has been delayed by technological and, more recently, marketing problems.

It was Mr. Agnew who prospected the Robe River iron ore deposits and, through Mt Enid Iron Ore, retained five per cent equity until selling out to a group of Japanese steel companies last year.

OIL AND GAS NEWS

Tor field comes on stream

BY RAY DAFTER, ENERGY CORRESPONDENT

PHILLIPS PETROLEUM has brought on stream the Tor oil and gas field in the Norwegian sector of the North Sea. The field is Norway's fifth offshore discovery to be commercially exploited.

It is expected that Tor will contribute about 50,000 barrels a day of crude oil and 72m cubic feet of gas a day. The fuels will be produced through a system linked to Phillips' big Ekofisk complex some eight miles to the south-west.

Initial production of oil will be from only one of the five completed wells drilled from the steel production platform. Daily production will thus be restricted to about 15,000 b/d while Phillips tests the remainder of the equipment in the field. Mr. Bill Boyce, president of Phillips Petroleum Company Norway, said the company's early estimates indicated that the wells would yield about 7,500 b/d but it now seemed likely that each well would produce closer to 15,000 b/d.

Oil from Tor is being transported from the Ekofisk complex by pipelines to Teesside, on the North East coast of England while the natural gas is being taken to a new terminal at Emden in West Germany.

The field is being developed under a unitisation agreement between the Phillips group, on block 2/4, and the Amoco/Noco group on block 2/5. The Phillips group, which is thought to own 74.5 per cent of the fields reserves, comprises: Phillips Petroleum (operator), American Petrofina Exploration Company Norway, Norsk Agip, and the Petronord Group (Elf Aquitaine Norge, Norsk Hydro, Total Marine Norsk, Eurafrep Norge, Coparex Norge and Cofranord).

The Amoco/Noco group comprises: Amoco Norway, Amerada Petroleum Corporation of Norway, Texas Eastern Norwegian, and Norwegian Oil Consortium.

* * *

Confirming recent industry reports, nine of the 13 holders of oil exploration concessions off West Greenland will relinquish their rights at the end of the year, according to the Greenland Affairs Ministry.

The concessions given up are four blocks held by Standard Oil of Indiana, ten held by Atlantic Richfield and four blocks held by Standard Oil of California.

Compagnie Francaise des Petroles, with four concessions totalling 13 blocks, has also withdrawn together with Ultramar's two blocks in one concession.

Standard Oil of California retains two of the remaining four concessions while Mobil Corporation and Ultramar have one each.

Gert Vigh, head of the Greenland Affairs Ministry, said the reason for the withdrawal of most of the concession holders off Greenland was the negative outcome of test-drillings in 1976 and 1977.

There are no new plans for the exploration area and no decisions will be taken prior to home rule on Greenland starting next year.

Rediffusion to replace auditors—qualification

DIRECTORS OF Rediffusion have moved to replace the existing auditors of the group with Deloitte Haskins and Sells, the auditors of Rediffusion's parent, British Electric Traction Company. The existing joint auditors, Binder Hamlyn and Fryer Whitehill and Co. however have not withdrawn.

They say that as they derive their authority from, and are responsible to, all shareholders it would have been improper to withdraw. They are willing to accept reappointment and wish shareholders to know this when they vote at the AGM on the proposal to appoint Deloitte.

Binder and Whitehill have this year qualified Rediffusion's accounts in relation to provisions against stock and work in progress made by a subsidiary.

In a statement regarding the proposed change the directors say they wish to make it clear that there has been no dissatisfaction with joint auditors "who have served the company with devoted and expert care." Whitehill and its predecessors have held office since the company's inception 58 years ago.

Directors say they took note of the increasing amount of detailed consultation necessary between the different firms of auditors within a large group of companies and concluded it would simplify matters and be in the interests of shareholders and staff if there could be, so far as possible, one firm for the entire Rediffusion group.

As it now stands certain subsidiaries representing 41 per cent of turnover and 39 per cent of capital employed are audited by firms other than Binder and Whitehill.

Directors say that if there was to be a change to a single firm it seemed sensible to ask Deloitte to undertake the task. As BET's auditors they already review the Rediffusion audit.

The existing auditors point out that there is no legal requirement or professional recommendation that all significant subsidiaries should be audited by the parent companies' auditors. They draw attention to the situation in Rediffusion where the interests of substantial minority shareholdings may conflict with those of the parent company. BET owns 57.66 per cent of ordinary shares and Philips Electronic owns 9 per cent, with the remainder held by some 8,700 holders through the market.

Directors say the decision to change auditors was reached with reluctance, but unanimously. The board of 10 includes three BET directors, three executive directors and four non-executive independent directors. They say they gave careful consideration to the views of Binder and Whitehill but did not accept them.

"Your board has always been, and will continue to be especially conscious of the interests of minority shareholders," they say. In making the recommendation they have the interests of all shareholders in mind.

In the March 31, 1978 year, when pre-tax profit rose from £18.47m to £17.43m, the total audit remuneration was £217,000 (£193,000), with £22,000 applicable to Rediffusion and the remainder to its subsidiaries. Also, £58,000 (£39,000) was paid to BET for the services of three directors.

The qualification this year stems from the auditors of a subsidiary being unable to express an opinion as to the ultimate adequacy of provisions of £1.2m made against net stock and work in progress of £6.58m.

Subject to the adjustment, if any, that may be required when these stocks and work in progress are realised Binder and Whitehill are satisfied with the accounts.

The notes to accounts say the provisions are for obsolete stock and losses on contracts and that the auditors of the electronic capital equipment subsidiary, although satisfied that the provisions have been made on a reasoned basis, cannot form an opinion as to the adequacy or otherw ise of the provisions.

Sir John Spencer Wills, the chairman, says in his annual statement that for the current year losses will continue to be incurred overseas. Much attention has been given to the situation in Hong Kong and while recent trading figures show an improvement there is still a long way to go to reach break even.

In the UK, profits should increase, and overall results for the year should show an advance on the 1977-78 figures.

Meeting, Connaught Rooms, WC, July 26 at 12.15pm.

Pegler Hattersley starts well

If competition in certain markets does not become more severe and major stoppages can be avoided in the factories of Pegler Hattersley, Mr. J. M. Harrison, the chairman, expects that the group's position will improve and that he will be able to report better results next year.

A good start has been made in the current year in that order books are in a healthy state and the factories are working at acceptable levels "although we would like to achieve an increase in productivity," the chairman says.

For the year to April 1, 1978 the group reported pre-tax profits of £12.58m against £18.18m from sales of £86.83m (£80.19m). The dividend is 7.685p (6.881p).

Contributions to turnover by building products amounted to £29m (£28.3m); engineering and valve, £37.6m (£36.5m); industrial, £11.2m (£8.4m); merchanting, £13.4m (£10.4m) less inter-division £4.4m (£3.4m).

The policy continued of placing substantial orders for capital expenditure and several expensive machines were installed. A new continuous casting plant is nearing completion at Doncaster and extensive modernisation of the Woodchester foundry has taken place.

Development work is also beginning on the modernisation and expansion of the iron foundry at Ormskirk to provide extra capacity and reduce costs.

The group has bought T. A. Knight of Leicester, a small company specialising in making moulds for the rubber industry and in the U.S., both the building products and engineering and valve divisions have established their own subsidiaries to cope with the increasing volume of business being transacted there, the chairman says.

He pointed out that plans were well advanced with the new company for the expansion of resources both at home and abroad. Godwins would be establishing its own subsidiary companies throughout the UK on a geographical and operational basis.

Referring to the proposed merger of Leslie and Godwin with the major U.S. broker Frank B. Hall, Mr. McLeish stated that one of the major benefits would be on the employee benefits side, where the combined sides would together form one of the world's largest organisations in this field. Frank B. Hall earns nine per cent ($13m) of its revenue from employee benefits, mostly from North America. The combined expertise would enable Godwins to advise the largest and most diversified of multinationals.

F. H. Lloyd warns on first-half

FIRST HALF profits at F. H. Lloyd Holdings are expected to be appreciably lower than the £2.12m achieved last year, Mr. R. H. Foster, the chairman, says in his annual statement.

The start of the year has been significantly impaired by unofficial strikes at two of its major foundry units, and continuing satisfactory profits from the group's engineering companies and the associated company will not offset the depressed trading conditions in its steel foundries and steel re-rolling company.

The current order book at F. H. Lloyd is at a low level in line with the heavy steel foundry industry everywhere, while production on the light to medium sections of the foundry operation have remained good in certain sectors.

Order books at the engineering companies are satisfactory and continued good results are expected in the current year.

There is still no sign of an upturn in orders with steel re-rolling, although the prospects at the Lloyd Cooper associate company are attractive.

Mr. Foster says the action taken on steel imports by the European Coal and Steel Community and the rationalisation of steel output at British Steel inclines him to believe that an uplift will occur in the foundry sector toward the end of the current financial year with improvements in both price and output.

As previously reported taxable profit of the group for the April 1, 1978 year dipped from £5.79m to £5.16m.

L. Joseph's trusts disposal

The balance sheet of Leopold Joseph Holdings shows that it has disposed of four managed investment trusts. This was through simultaneous liquidation after the trusts had themselves become fully liquid. By March 31, 1978, the company had received £1.4m with a further £425,000 to come in the year 1978-79.

These amounts used in the ordinary course of business, have increased liquidity and will improve profits, says Sir Hugh Weeks, chairman.

The second item to disappear from the balance sheet is the "Excess Cost of Shares in Subsidiary and Associated Companies." The associated companies referred to were the investment trusts mentioned above; and the excess cost was the deficit between the underlying net assets and the original cost. Two years ago this item had reached a deficit of £489,000; a year ago this had been reduced to £452,000. By the time of liquidation, the net deficit had been reduced to only £74,000 post-tax; and the losses have been charged against accumulated inner reserves.

It is for this reason that the wording describing profits has been changed to conform to the more usual formula for merchant banks. But Sir Hugh emphasises that the appropriate allocation to inner reserves from the year's taxed profits was substantially greater than this charge; so that the total of inner reserves has continued to rise.

For the year to March 31, 1978, reported June 28, net profit after all charges rose from £606,415 to £668,161.

Bayerische Landesbank and Bremer Landesbank hold between them 26 per cent of the company. Industrial and Commercial Finance Corporation and Refuge Assurance Company each hold 5.7 per cent.

Leslie & Godwin reorganises

The pension, employee benefit and financial planning operations of insurance brokers, Leslie and Godwin have been reorganised into a completely new company structure to be known as Godwins, a fully owned subsidiary of Leslie and Godwin.

Mr. David McLeish, the managing director and chief executive of the new company, said that during the past five years the volume of business handled in this sector had more than doubled, with now more than half the income, about £3m, being derived from fees instead of commission. These operations showed a departure from the traditional image of insurance broking, providing a total benefit consultancy service to clients.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

ROYAL DUTCH AIRLINES

Good start to current year by KLM

BY CHARLES BATCHELOR

AMSTERDAM, July 4.

KLM Royal Dutch Airlines continued to make a profit in the first two months of the current year, with traffic at "reasonable" levels. Profit was at about the same level as in April and May last year, and the volume of bookings is favourable for the next few months, the company's president, Mr. Sergio Orlandini, said.

KLM last month announced a 78 per cent rise in net profit to Fl 137.4m ($62m) in the year ended March 31. It proposes paying a dividend of 8 per cent, its first payment in seven years. The tough tariff competition now being waged by some airlines is not expected to affect KLM's tariffs. Most travellers have "serious" travel plans which will be unaffected by the low-price offers, Mr. Orlandini told the Press conference.

The apparently poor performance of KLM in the final quarter of 1977-78 was due to a number of extraordinary items, Mr. E. Beekman, the financial director, said. Net profit was Fl 60m higher at the end of the year compared with the Fl 77m advance recorded after nine months. This apparent downturn was due to a number of extraordinary items totalling Fl 16.5m, which boosted the final quarter of the previous year, while foreign exchange losses due to the decline in the dollar and sterling affected the last quarter of 1977-78. Foreign exchange losses, largely on the Mexican peso, affected the second and third quarters of the previous year. If these items are eliminated, thet fourth quarter of 1977-78 was favourable.

KLM does not expect to pay any tax this year because of its accumulated tax compensation allowable, amounting to at least Fl 200m. This figure is increased by investment allowances which it can claim on four recently ordered Boeing 747s and a tax benefit from the aircraft lost in a collision at Tenerife last year.

The introduction of a revised system of investment allowances in Holland means that KLM will in future tend to buy rather than lease aicraft to get the maximum tax allowance.

KLM is now weighing up possible replacements for its European fleet of DC9s, which it will begin to replace in 1983-85. Three possibilities are the Airbus B10, although this is rather large for KLM's needs, the DC9-80 and the Boeing 767. The replacements are necessary to modernise the fleet and to conform to more stringent noise requirements. KLM also aims to expand its fleet of wide-bodied Boeing 747s and DC10s at the rate of about one a year.

The improvement in net profits in 1977-78 comprised a Fl 40m increase in the operating result and Fl 20m in lower interest charges. The improved operating result was due solely to increased traffic. Shortages of capacity forced KLM to cut back on charter flights to allow it to maintain scheduled services. KLM's other activities, which include aircraft maintenance for other airlines, catering, tax-free shops and crew training, were an important source of revenue.

Operating revenues rose 9.2 per cent last year to Fl 275bn ($1.23bn). Traffic rose 10 per cent to 2bn ton/kms, while production rose 4 per cent to 3.43bn ton/kms. The load factor rose to 58.2 per cent from 55.2 per cent.

Norpipe profits increase sharply

By Fay Gjester

OSLO, July 4.

NORPIPE, the company which owns the gas and oil lines linking Norway's Ekofisk field with Britain and West Germany, reports pre-tax profits up to NKr 79.7m ($14.8m) in 1977 from NKr 46.8m. Operating income reached NKr 489m, comprising NKr340m from the oil line to Teesside and NKr 149m from the gas line to Emden.

A total of 15m tonnes of oil equivalents was moved through the two lines during the year. Turnover for 1978 will be considerably higher, since the gas line did not come into operation until the final four months of 1977.

Norpipe is owned 50/50 by Statoil, Norway's state oil company, and the Phillips Group.

Neste returns to the black

By Lance Keyworth

HELSINKI, July 4.

NESTE OY, the Finnish state oil refinery and petrochemicals company, improved its production and profitability last year. Turnover increased by 18.1 per cent to FM 6.18bn, while the financial statement showed a profit after two years of deficit of FM 17.3m ($4m) after taxes and full depreciation, but no dividend was distributed.

The input of crude oil in the refineries was 11.6m tonnes, and thus 77 per cent of the annual capacity of 15m tonnes was employed.

Kone orders improve

Kone's interim report for the first four months of the current year reports an increase in orders for all four divisions of the company—lifts, materials handling, engineering and instruments. The FM 230.7m in new orders brought the total up to FM 1.2bn compared with FM 1bn on April 30, 1977, writes Lance Keyworth in Helsinki.

However, net sales decreased during the first four months of the year from FM 392.7m in 1977 to FM 296.2m ($69.6m), primarily because of the postponement of some 1978 deliveries.

NORTH AMERICAN NEWS

Chessie recovering from coal strike setback

CLEVELAND, July 4.

NET EARNINGS of the railway holding company Chessie System for the second quarter fell by 6 per cent, from $2.09 a share to $1.91 a share because of the time it took to regain momentum after the lengthy coal strike, according to Mr. Hays T. Watkins, chairman and president.

The second quarter would have set an all-time record had it not been for the time required to build up the coal movement pipeline in early April, Mr. Watkins said. The company's three railroads carry more coal than any other operator in the U.S., and last year 40 per cent of its rail revenue came from the transport of coal, coke and iron ore.

Chessie recovered sharply in May and June as customers rebuilt coal stocks. Net income in those months was at record levels, Mr. Watkins said. He added that the general merchandise transport business was doing better than expected, and was expected to remain strong throughout the year.

Looking ahead, Mr. Watkins said that he expects the next six months to improve significantly over last year's second half, although full-year earnings will not match those attained in 1977 principally because of the first-half loss.

Chessie's net income for the second quarter was $37.6m against $39.8m, on revenues of $447.6m compared with $423.7m. This result gave the company a loss for the first half of $29.3m compared with a profit of $32.4m or $1.70 a share. Six months revenues were down from $738.6m to $702.4m.

AP-DJ.

Kodak appeals in Berkey suit

NEW YORK, June 4.

BERKEY PHOTO said judgment had been entered in its favour against Eastman Kodak in the sum of $87m in the U.S. District Court. Of that amount $81.4m represents damages assessed by a jury and trebled under anti-trust legistlation and $5.6m is for legal costs and disbursements.

In addition, Kodak has been directed to sell its colour photographic paper without its backprint to all photo finishers who request it generally on the same terms and conditions as its regular backprinted paper.

In Rochester NY Mr. Walter A Fallon the chairman of Eastman Kodak, said that the company "will appeal against the judgment entered today in the antitrust suit brought by Berkey Photo not withstanding the fact of reduction in damages awarded to Berkey and denial of many of Berkey's requests for equitable relief. It is important to note that the judgment and limited equitable relief awarded today will not go into effect unless Kodak loses the appeal.

"We continue to believe the Court applied an incorrect standard of law to the case and we shall so argue on appeal," he added.

Kodak is further required to disclose to all domestic photo finishers as soon as possible such new product or process information as it gives to its own film processing division, together with samples, drawings and specifications to prevent competitive disadvantages to photo finishers.

A spokesman for Berkey said "we are pleased that judgment has finally been entered in this case . . . the company remains confident that this judgment will be sustained on appeal which Kodak has indicated it will take."

AP-DJ

Nippon Electric disposal

SAO PAULO, July 4.

NIPPON ELECTRIC's Brazilian subsidiary says it has agreed in principle to sell majority control of its holdings to Brazilian stockholders. Stocks in the subsidiary, known as Neco do Brasil, is currently worth $158m, the company said.

The president of Neco do Brasil, Mr. Tadashi Suzuki said here that the subsidiary, which had sales of $924m in 1977, would prefer to turn over major control to Brazilian interests in hopes of getting favourable treatment from the Brazilian Government in the awarding of contracts.

Brazil is in the midst of a multi-million dollar telecommunications expansion programme. Brazilian financial authorities have repeatedly promised to support the strengthening of locally-controlled companies which must compete domestically with foreign-based mutinationals. Neco do Brasil is currently competing with local subsidiaries of other multinationals for large Government contracts for production of telephone electronic switching systems.

AP-DJ

IBM files for mistrial

INTERNATIONAL Business Machines Corporation, in court papers, filed a motion in U.S. District Court here seeking a mistrial in Memorex Corporation's antitrust suit against IBM.

The motion is based on the "inability" of the jury to reach a "reasoned verdict" in the trial, which took five months.

The jury, which began deliberations on June 6, indicated on June 28 there might be a deadlock and it would have to compromise to reach a verdict.

Reuter

INTERNATIONAL CAPITAL MARKETS

Germany shows improvement

BY MARY CAMPBELL

WITH New York closed for the Independence Day holiday, the dollar sector was quiet yesterday. The European Investment Bank's new issue traded at around 96¼/96¾ on the bid side, well outside the selling group discount despite the last minute cut in the issue price.

In Germany the domestic market bond market improved perceptibly, and the foreign bond market was also stronger, although prices did not move much. The surprise was the pricing of the Kobe issue—set at 100¼ as against the indicated 99½.

The market had generally expected the price to be set at 100 once Austria had announced a placement at par on the same coupon. This came out after the initial indications on Kobe. However, with Kobe guaranteed by the Japanese Government, national comparisons were clearly being made between the two. In addition, unofficial quotations in the secondary market for the Kobe issue have progressively improved in the last 10 days.

The German domestic market improved under the impact of the moves to increase money market liquidity taken by the Bundesbank late last week. On Friday and Monday the amount of government bonds the Bundesbank had to buy to stabilise the market was sharply lower than had been the case before the moves on liquidity, while yesterday the Bundesbank actually managed to sell some DM 30m worth of paper.

The DM 30m placement of convertibles for Tokyu Car, being arranged via BHF-Bank, is not due for pricing until July 19-20.

The Ricoh issue announced on Monday is reported to be in heavy demand, with the investors coming in for the straight bond—relatively tightly priced—in order to get the convertible.

Two Kuwaiti dinar issues scheduled for the near future are for Morocco's Credit Immobilier et Hotelier—due for announcement over next weekend—and for Kuwait Real Estate Bank.

Both are KD 10m. But whereas the Moroccan issue will be a standard foreign bond, albeit for a longer maturity than usual, the Real Estate Bank issue will be offered to retail investors in Kuwait as well as on the international market.

The terms of the KD 10m Moroccan issue include a final maturity of 10 years (7.9 years average life) and a coupon of 8¾ per cent. The lead managers are Kuwait International Investment Company (KIIC) and Abu Dhabi Investment Company.

The terms of the Real Estate Bank issue include a 7¼ per cent coupon with a final maturity of eight years. Bondholders will have an option to redeem after five years. Lead managers are KIIC and Financial Group of Kuwait.

The latter issue is already on offer internationally, but retail investors in Kuwait, to whom it will be offered through bank branches next week, are to be given preference. Denominations of bonds will be KD 500 as well as the more usual KD 5,000.

CBG raising $15m for housing

By Our Financial Staff

CIE DES Bauxites de Guinee (CBG) has arranged a $15m Eurocurrency facility for a final maturity of seven years for its investment programme in Guinea, particularly the addition of 500 housing units for Guinean workers.

The company runs the Boke bauxite mining project in Guinea and is 51 per cent owned by the government and 49 per cent by Halco (Mining) of Pitsburgh, which is in turn owned by Alsan, Alcoa, Martin Marietta Aluminium, Aluminium Pechiney Vereinigte Aluminium-werke and Alumetal.

The loan was managed by First Boston (Europe) and Banque de la Societe Financiere Europeene and will pay interest at margins over inter-bank rates of 1⅛ declining to 1 per cent. The spread will be cut at the moment when the payment of interest becomes the responsibility of the shareholders in Halco. The timing of this will depend on cash flow from the Boke mining project, which was completed in 1973. The produce of the project goes to the Halco shareholders.

Swiss investment fund cuts dividend

BY JOHN WICKS

THE SWISS investment fund for Canadian Securities, Canasec, has cut its dividend from SwFr 18 to SwFr 14.50 per certificate for the financial year ended May 31, during which the issue price of certificates fell by 12.1 per cent.

The fund, an affiliate of Credit Suisse, views this as "very positive," however in the light of the 19 per cent decline of the Canadian dollar against the Swiss franc in the same period. The trend in Canadian stocks was gratifying, according to the fund report.

An unchanged dividend of SwFr 2 is being distributed on certificates of another Credit Suisse fund, the power industry and utilities specialist Energie-valor.

The over-supply of oil, slackened interest in power industry securities and a weakening of other currencies against the Swiss franc acted as negative inkuences which were not fully offset by the improvement in US natural gas and service company stocks and in shares of companies making coal mining equipment or by that in West German and Swiss power station and water stocks.

The fund increased its holding in US power industry securities, with 51.3 per cent of the portfolio in US securities.

Telekurs agrees West German link-up

BY OUR OWN CORRESPONDENT

ZURICH, July 4.

THE ZURICH securities information service, Telekurs, is to extend its activities abroad. The company, which is owned jointly by Swiss banks, is from next year to offer its "Investdata" facilities in West Germany through the Frankfurt economic news agency Vereinigte Wirtschaftsdienste (VWD).

Similar moves are believed to be planned in Holland. A terminals agreement has also been signed with the Eurex network in the sector of European bonds, while securities clearing remains possible through the Cedel and Euroclear systems.

In Switzerland, Telekurs recently began its first operations outside the field of securities data by taking over surveillance for the Swiss Banks' bank note dispenser scheme "Bancomat."

Orion dividend hope

THE chairman and president of Orion Capital Corporation, Mr. Alan Gruber, told a private group of securities analysts here that "hopefully, 1978 will be the start of cash dividend payments by Orion," AP-DJ reports from New York.

Orion Capital was formed several years ago from the remaining assets of Equity Funding Corporation of America, which went into reorganisation under the Bankruptcy Law.

Analysts were told that Orion anticipates that it will earn about $1.30 a share after tax from operations (before securities gains or losses) in 1978. That would also be before taking advantages of net operating loss carry-forwards.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

WEST GERMAN COMPANIES

VW still on the upgrade

WOLFSBURG, July 4.

VOLKSWAGENWERK AG's earnings improved in the first half of 1978 from the period of last year, according to the chairman of the management board, Toni Schmuecker, speaking at the annual meeting.

The improvement was due to a profitable market structure, an upswing in Mexico, and signs of progress in Brazil, he said.

Worldwide deliveries in the first half of 1978 totalled some 1.2m vehicles, slightly down from the comparable period a year ago, he added.

Mr. Schmuecker said that although it is still too early to make concrete predictions, there is the possibility that if the current year continues to develop favourably, shareholders may count on a higher return.

In 1978, VW paid a dividend of DM7 per DM50 nominal share, plus a DM1 bonus dividend.

First half domestic deliveries were 3.5 per cent down on the same period of last year, at a provisional figure of 470,000 vehicles, Mr. Schmuecker said.

Deliveries to European export markets were 7 per cent lower at 226,000 vehicles, with the drop resulting primarily from delivery problems with Golf, foreign exchange movements and falling demand.

Sales of the group's South African, Mexican and Brazilian divisions improved, although first half deliveries in the U.S. were 13 per cent down at 135,000.

U.S. deliveries were influenced by unsatisfactory tock levels of the Golf (sold in the U.S. as the Rabbit), the weakness of the dollar and the notable improvement in the performance of U.S. auto producers.

Mr. Schmuecker pointed out, however, that production is building up at the company's U.S. plant and should reach around its full annual capacity of 200,000 vehicles by the end of this year.

Volkswagen's Mexican subsidiary made a loss in 1977, Mr. Schmeucker said, without giving further details, but is now operating at a profit and can look forward to a good result this year. Agencies

Allianz expects a good 1978

ALLIANZ Versicherungs expects good results in its 1978 overall business year, Wolfgang Schieren, managing board chairman, told the annual meeting.

However, the insurance company could not give any indication of dividend prospects for this year, Reuter reports. The payment for 1977 was DM 10, unchanged on the previous year, with the total payout for shareholders subject to German tax law being DM 15.63 including tax credit.

Schieren said that the insurance sector is currently going through a slow growth phase, with Allianz insurance contracts in the first six months this year rising by 2 per cent against the comparable 1977 period.

Domestic premium income in the first six months rose about 7 per cent, while mark-denominated income from abroad in the first quarter rose 33 per cent.

CWH profits collapse

CHEMISCHE WERKE HUELS (CWH) net profits tumbled by 95 per cent to DM 2.6m in 1977 from DM 64m in 1976, AP-DJ reports from Duesseldorf.

CWH said the heavy fall in profits was due to poor results in its chemicals fibres business.

Mr. Karl Monkmeyer, management board chairman, told the annual Press conference that total losses incurred in its joint venture with Bayer, Fasenwerke Huels GmbH, reached DM 600m before the plant was shut in 1977.

As a result of the heavy losses, Mr. Monkmeyer said that for the first time since 1973, CWH would not pay a 1977 dividend.

Yeba now owns 87.3 per cent of the CWH shares after boosting its stake from 42 per cent by buying out Bayer in 1977.

Mr. Monkmeyer said that for 1978, CWH hopes that higher prices in the second half will enable the company to conclude the year without a deficit.

Mannesmann confident

Mannesmann is confident—without exaggerated optimism—that its results for 1978 will show an improvement from 1977.

Overbeck said the company's pipe business had improved in the first half of 1978, but that results were still negatively influenced by past orders taken up at low prices in a bid to secure employment. AP-DJ reports from Dusseldorf.

Amic stake in Mondi raised to 54%

By Richard Rolfe

JOHANNESBURG, July 4.

ANGLO AMERICAN has effected a reshuffling of group shareholdings which will lead to Mondi Paper, its R70m paper and packaging group, becoming a subsidiary of Anglo American Industrial Corporation (AMIC), which is Anglo's industrial arm.

In its last annual report, AMIC showed holdings of 15.3m shares in Mondi, equivalent to 39.8 per cent of the equity. Mondi made "net equity earnings" of R10.2m ($11.7m) in 1977, compared with AMIC's net attributable profit figure of R40.6m. AMIC has acquired a further 5.4m Mondi shares from Johannesburg Consolidated Investments (JCI), in which Anglo group companies, including De Beers, hold just over 50 per cent. As a result, AMIC holds 20.8m Mondi shares, or 54 per cent of the issued share capital, and will be able to consolidate Mondi's results in the current year, to December 31.

The price struck for the deal is of interest, since Mondi is not quoted. At 160c per share, AMIC has to pay R8.7m to JCI, and this capitalises Mondi at just over R60m.

Mondi is among the big three paper manufacturers in South Africa, along with Sappi, controlled by Union Corporation, and Stanger Pulp and Paper, the Reed International-C. G. Smith group venture. It also includes SA Board Mills, a once-listed group taken over by AMIC two years ago. Mondi, like Sappi, is a major producer of newsprint. Together they have newsprint capacity of 360,000 tons a year, while domestic demand in South Africa is expected to be about 125.000 tons this year. As a result, a major drive for export markets is under way.

Nigeria firm on equity rule

By Our Own Correspondent

LAGOS, July 4.

FOREIGN companies in Nigeria must meet the December 31 deadline for compliance with the country's Indigenisation Decree, Mr. Malam Ali al-Hakim, chairman of the Nigerian Enterprises Promotion Board has said here.

Any company which failed to meet the deadline "would be seriously dealt with."

Under the decree. of 1977, 60 per cent of the shares in foreign companies is reserved for Nigerians.

About 700 alien companies with estimated assets of 300m naira ($470m) had still to sell shares to Nigerians,

Sumitomo Bank in merger talks with Kansai Sogo

BY YOKO SHIBATA

TOKYO, July 4.

MERGER TALKS have been taking place between Sumitomo Bank, the third largest of the Japanese City banks, and Kansai Sogo Bank, the medium-sized, mutual savings bank, based in Osaka, according to the Japanese economic daily, Nihon Keizai.

The merger, if it went through, would be the first involving a leading City bank since Taiyo Bank merged with Kobe Bank in 1968. It would make Sumitomo the second largest bank in Japan—after Dai-Ichi Kangyo Bank—in terms of deposits, and would be unusual in being between different kinds of banks.

The possibility of an early merger has, however, been ruled out by Mr. Ichiro Sonoda, president of Sumitomo Bank. If Kansai Sogo made a formal proposal, he said, Sumitomo would make a fresh study of the matter.

The possibility of merger with Sumitomo had been discussed as a way to meet the impact of the current business slump on Kansai Sogo, according to Mr. Ryusuke Kawata, president of the savings bank, said. Sumitomo is the main shareholder in Kansai Sogo.

Japanese banking institutions have been hit severely by the protracted Japanese recession, reflected in slow corporate demands for funds, and have been faced with a negative margin on procured funds as a result of the series of cuts in the official discount rate.

The plight of medium-sized and small banking institutions such as mutual banks and credit associations has been worsened by their being caught between major City banks, which can offer lower interest rates on loans, and local banks which have close, traditional connections with their local communities.

Those mutual banks and credit associations in big cities, like Tokyo and Osaka, crowded with banking institutions, have suffered most in this way. Bankers argue that banking is "a structural recession-hit industry and should be rescued."

Moves towards mergers or business tie-ups between banking institutions are seen as the only way of securing stable management.

The Ministry of Finance has been pressing medium-sized and small banking institutions to become more efficient. It has favoured business tie-ups in such forms as the joint use of cash dispensers and computers, and the regrouping of banks in different fields, such as City banks and mutual banks.

The Finance Minister, Mr. Tatsuo Murayama, stressed that the Government would welcome banking institutions' mergers and tie-ups, in a recent speech at the Banking Association.

In line with the MOF's administrative guidance, 20 major mutual banks have recently agreed to co-ordinate their computer facilities, and to permit all customers to withdraw cash from any of their branches. The joint system is aimed not only at the winning of more deposits from customers, but at preventing over-competition in the opening of branches.

Plans for the merger of Hyogo Mutual Bank and Kinki Mutual Bank, and for the merging of three credit associations in Hyogo Prefecture have been announced recently.

Hock Hua Bank profits up 63%

BY WONG SULONG

KUALA LUMPUR, July 4.

HOCK HUA BANK raised its net profit by 63 per cent to 3.48m ringgits (US$1.34m) last year.

The east Malaysian bank is increasing its final dividend by 1 point to 8 per cent. Deposits with the group rose by 45 per cent to 262.8m ringgits.

During the year, the group acquired a majority stake in Hock Hua Bank (Sabah) by raising its holding from 45 per cent to 70 per cent. The group's authorised capital was also increased from 10m ringgits to 15m, although issued capital remains at 5m ringgits.

A sum of 2.78m ringgits from profits is transferred to general reserves, which stood at 7.6m ringgits last year, compared with 5.8m ringgits in 1976.

After-tax profits in another Malaysian bank — Malaysian International Merchant Bankers Berhad — however declined marginally from 1.34m to 1.27m ringgits (US$0.48m) in the year.

MIMB said the decline was due to the higher cost of funds, which rose from 5 per cent to 5.5 and 6 per cent last year, and a decline in the bank's volume of loans.

* * *

Reflecting the buoyancy of the Malaysian market for domestic appliances, Sanyo Malaysia chalked up another year of record profits and sales, Wong Sulong writes from Kuala Lumpur. Pre-tax profits last year rose by 46 per cent to 1.88m ringgits (US$ 0.71m), with sales rising from 22m to 26m ringgits (US$9.85m).

The company, however, is maintaining its previous year's dividend rate of 12.5 per cent, tax free, which gives it a gross dividend yield of 5.7 per cent at current market prices.

Shareholders' funds stand at 6.9m ringgits against an issued capital of 3m ringgits, and this gives Sanyo shares a net asset backing of a solid 2.31 ringgits per share.

Despite the appreciation of the Yen and increased labour costs, Sanyo is confident it would achieve higher levels of profit and production in the current year.

* * *

Gadek Malaysia Berhad, which was incorporated in Malaysia to take over the interests of the British-incorporated Gadek Ltd. early this year, has applied for a listing on the Kuala Lumpur Stock Exchange, writes Wong Sulong from Kuala Lumpur.

Listing is sought for some 2.57m shares of one ringgit each and 2.91m debentures of one ringgit, carrying a 10 per cent interest rate.

Gadek Berhad is already listed on the London Stock Exchange, and its shares have lately been traded at about 2.4 ringgits, its debentures around 1.1 ringgits.

The company owns two rubber plantations in Malaysia, covering a total of 1,089 hectares.

It expects this year to make an operating profit of 880,000 ringgits, compared with 816,000 ringgits last year.

Batu Kawan, which is controlled by Tan Sri Lee Loy Seng, chairman of Kuala Lumpur-Kepong, and once held 70 per cent of Gadek, has reduced its stake to 40 per cent, by the sale of shares to a Malay company, in compliance with Malaysian Government policy.

Airways deal by Swire Pacific

By Ron Richardson

HONG KONG, July 4.

SWIRE PACIFIC is to purchase Peninsular and Oriental Steam Navigation Company's 7.5 per cent indirect interest in the Hong Kong-based Cathay Pacific Airways.

The deal will be effected by Swire Pacific buying P & O's 12.5 per cent stake in Cathay Holdings, which in turn owns 60 per cent of the rapidly expanding airline. Swire Pacific already owns the other 87.5 per cent of the Cathay Holdings' equity, so its underlying interest in the airline company will rise to 60 per cent.

The other shareholders in Cathay Pacific Airways are the Hongkong and Shanghai Banking Corporation, with 25 per cent and British Airways associated companies, with 15 per cent. No price has been revealed for the proposed share sale. Last year the airline earned a record though unspecified, profit. Swire Pacific's 1977 annual accounts show operating profit from its aviation division of HK$114.7m although this includes certain earnings of ground service and engineering operations as well as Cathay Pacific Airways.

Arab purchase in Hong Kong

By Our Financial Staff

The Saudi Arabian-based United Commercial Agencies insurance group has—through its Luxembourg unit, United Commercial Holding—acquired 75 per cent of the capital of City Brokers of Hong Kong. City Brokers will be absorbed into a new company, UCA (Far East).

The new company is to acquire the 40 per cent stake in Builders Insurance Agency Corporation, Manila, now held by United Commercial Holdings. BIAC is the insurance broking offshoot of the Construction and Development Corporation of the Philippines.

Swiss disclosure call

BY JOHN WICKS

ZURICH, July 4.

THE SWISS NATIONAL BANK has called on the country's banks and finance companies to supply details of securities deposited with them for administration. The information will be required from the end of 1979 as a basis for Switzerland's first deposit statistics.

The details will not include statements about bankers' acceptances, bills, certificates of deposits, or foreign clients' foreign securities, as long as the latter are denominated in currencies other than the Swiss Franc.

At the same time, the Swiss Banking Commission is introducing a rule whereby banks' balances must be consolidated, with the inclusion of subsidiaries themselves operating as banks or finance companies and as real-estate companies with indirect property holdings.

For non-bank participations which are not consolidated in the accounts, a 100 per cent equity beaking will be called for.

Herr Bodenmann said the Banking Commission considers non-bank participations as an "exception" only, since it is felt these could represent high-risk commitments for banks in question. He stressed, however, that this view was shared by bankers and that a certain reduction of non-bank participations could be observed. In fact, Swiss banks have only in exceptional cases built up major holdings outside banking.

The commission continues to work on the introduction of a system to protect bank clients' deposits and Herr Bodenmann said it was likely that the Swiss Finance Ministry would follow the commission's recommendations in this sector. He indicated that the Government would probably limit its activities here to determining deposits to be protected against losses from bank failure

Viohalco lifts dividend

By Our Own Correspondent

ATHENS, July 4.

VIOHALCO S.A., the major Greek holding company, announced a dividend of $460 per share at the shareholders' meeting held in Athens on June 30.

Under the provisions of Law No. 542/77 (by which company-owned real estate must be revalued and the surplus capitalised) and through the capitalisation of reserves, Viohalco's share capital was doubled from $54.67m to $109.32m, and the number of shares from 298,750 to 597,500, the nominal value remaining unchanged at $183.

This year's dividend, corresponding to $920 per share before the capital increase, is an improvement of $171 over last year's dividend of $749 per share.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96½	97½
AMEV 8pc 1987	95	95½
Australia 8¼pc 1992	92¼	93
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8¾pc 1992	94½	95
Bowater 9½pc 1992	96½	97
Can. N. Railway 8¾pc 1986	94½	95
Credit National 8¾pc 1986	95¼	96
Denmark 8¾pc 1984	97½	98½
ECS 9pc 1993	93½	98½
ECS 8¾pc 1997	93½	94½
EIB 8¾pc 1992	97	97½
EMI 9½pc 1989	97½	98½
Ericsson 8¾pc 1989	93½	93½
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8¾pc 1984	96½	97½
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	94½	95½
ICI 8½pc 1987	95½	96½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	93½	94½
Massey Ferguson 9½pc '91	98½	99½
Michelin 9½pc 1988	100	100½
Midland Int. Fin. 8½pc '92	94	94½
National Coal Bd. 8pc 1987	92½	93½
National Westmnstr. 9pc '86	99½	100½
Natl. Westmnstr. 9pc '86 'B'	100	100½
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bank 8¾pc 1988	96	96½
Norges Kom. Bk. 8¾pc 1992	95	95½
Norpipe 8¾pc 1989	94½	95½
Norsk Hydro 8¾pc 1992	94½	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	93½	94
Prov. Saskatchwn. 8¾pc '86	97½	98½
Reed International 9pc 1987	92½	94½
RHM 9pc 1992	93	93½
Selection Trust 8¾pc 1989	90	91
Shell Intl. Fin. 8¾pc 1990	95	95½
S'kand Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8¾pc 1987	93½	94½
United Biscuits 9pc 1989	97	97½
Volvo 8pc 1987 March	93	94
NOTES		
Australia 7¾pc 1984	93½	94
Bell Canada 7¾pc 1987	95	96
Br. Columbia Hyd. 7¾pc 1985	92	92½
Can. Pac. 8¾pc 1984	97	97½
Dow Chemical 8pc 1986	98½	99
ECS 7¾pc 1982	94½	95½
ECS 8¾pc 1989	93½	94½
EEC 7¾pc 1982	95	95½
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¾pc 1984	96	96½
Gotaverken 7¾pc 1982	93½	96½
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	96½	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8¾pc '83	99	99½
New Zealand 8¾pc 1986	95½	96
Nordic Inv. Bk. 7¾pc 1984	94	94½
Norsk Hydro 7¾pc 1982	95½	96
Norway 7¾pc 1982	94½	95
Ontario Hydro 8pc 1987	93	93½
Singer 8¾pc 1982	99½	100½
S. of Scot. Elec. 8¾pc 1981	97½	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95½	96
Telmex 9½pc 1984	98½	99
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	93½	94
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	90½	91½
Courtaulds 9½pc 1989	88½	89½
ECS 9¾pc 1989	94	95
EIB 9¾pc 1998	91½	92½
EIB 9¾pc 1992	91½	92½
Finance for Ind. 9¾pc 1987	89½	90½
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	95	96
Gestetner 11pc 1988	90	91
INA 10pc 1988	90½	91½
Rowntree 10¾pc 1988	87½	88½
Sears 10½pc 1988	89	90
Total Oil 9¾pc 1984	89	90
DM BONDS		
Asian Dev. Bank 5¾pc 1988	96	[illegible]
BNDE 6¾pc 1988	97	[illegible]
Canada 4¾pc 1983	98	[illegible]
Den Norske Id. Bk. 6pc '90	99½	100
Deutsche Bank 4¾pc 1983	98	[illegible]
ECS 5¾pc 1990	94½	95
EIB 5¾pc 1990	91	[illegible]
Elf Aquitaine 5¾pc 1988	94½	95
Euratom 5¾pc 1987	98	99
Finland 5¾pc 1986	97½	[illegible]
Forsmarks 5¾pc 1990	97½	98
Mexico 6pc 1985	[illegible]	[illegible]
Norcem 5¾pc 1989	99½	100
Norway 4¾pc 1983	98	98½
Norway 4¾pc 1983	97	97½
PK Banken 5¾pc 1988	96	96½
Prov. Quebec 6pc 1990	97	97½
Rautaruukki 5¾pc 1988	95	95½
Spain 6pc 1988	95½	96
Trondheim 5¾pc 1988	96½	97
TVO Power Co. 6pc 1988	97	97½
Venezuela 6pc 1988	97	97½
World Bank 5¾pc 1990	97½	98½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99½	99½
BFCE 1984 8¾pc	99½	99½
BNP 1983 8 1/16pc	100¼	100½
BQE Worms 1985 9pc	98½	99
CCF 1985 8¾pc	99	99½
CGMF 1984 8 11/16pc	99½	99½
Creditanstalt 1984 8¾pc	99	99½
DG Bank 1982 9pc	100¼	100½
GZB 1981 8 1/16pc	99½	100¼
Intl. Westminster 1984 8pc	99½	99½
Lloyds 1983 8 15/16pc	100¼	100½
LTCB 1983 8pc	99½	100
Midland 1987 8 9/16pc	99½	99½

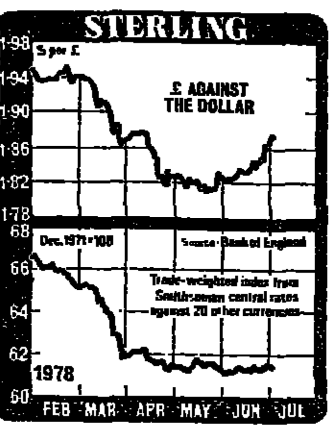
Source: White Weld Securities.

Currency, Money and Gold Markets

Dollar falls to record levels

The dollar suffered one of its worst days on record in the foreign exchange market yesterday. Despite the closure of New York for Independence Day trading was often hectic, and central banks probably intervened to help the dollar at various times during the day.

The dollar/yen rate only just failed to cross the Y200 barrier, with the U.S. currency falling to a record low of Y200.30 against the Japanese yen, but was probably prevented from weakening further by intervention from Japanese banks in London, acting as agents for the Bank of Japan. The yen closed at Y200.90, compared with Y202.30 previously, while the Swiss franc finished at its highest ever closing level against the dollar at SwFr 1.7990, compared with SwFr 1.8320 previously. The Swiss currency touched a high point of SwFr 1.7930.



The German D-mark reached a best level of DM2.0440 in terms of the dollar, before closing at DM2.0465, against DM2.0625 on Monday, and the French franc was also very strong, finishing at FFr 4.4250, compared with FFr 4.4812½ previously.

Several central banks probably took advantage of the situation to increase their foreign currency reserves, and these may have included the Bank of Italy and Bank of England. The lira touched L843.50 against the dollar, but fell to L845.15, suggesting possible intervention, while sterling was also very strong despite the fall of $119m in Britain's reserves in June and news that the National Union of Mineworkers is looking for a pay increase of 40 per cent. The pound rose to a best level of $1.8740-1.8750, after opening at $1.8650-1.8660, and closed at $1.8740-1.8750, a rise of 70 points on the day.

Using Bank of England figures, sterling's trade weighted index fell to 61.4 from 61.5, having stood at 61.4 at noon and 61.5 in early dealings.

FRANKFURT—The Bundesbank did not intervene as the dollar was fixed at DM 2.0509 against the D-mark, compared with DM 2.0682 on Monday. It was reported that large amounts of money had been seen in support of the dollar at the fixing, but that this did not seem to be coming from the German authorities. In extremely hectic and nervous early trading the dollar fell to its lowest level against the D-mark since April. Some support was given to the Belgian franc by the Bundesbank yesterday however, when the Belgian unit was fixed at its lowest permitted intervention point of DM 6.343 per hundred francs. The German central bank tended to play down this operation, suggesting that it was negligible at BFr 121m and did not put any real pressure on the snake. It was also said that this should have no effect on the summit talks at Bremen and Bonn on an expanded currency arrangement.

PARIS—The dollar fell to its lowest level since January, 1976, against the French franc after a day of relentless pressure on the U.S. currency. It finished at FFr 4.4345, compared with FFr 4.4775 in the morning, and FFr 4.48 late Monday. Sterling fell to FFr 8.3080 from FFr 8.3620 previously, but the Swiss franc gained ground against the French franc, finishing at FFr 2.4638, compared with FFr 2.4445, while the D-mark closed at FFr 2.1679, against FFr 2.1705 on Monday.

MILAN—The dollar declined to L845-848 in light trading at the fixing, from Monday's level of L851.45.

AMSTERDAM—The dollar was fixed at Fl 2.2105, compared with Fl 2.2255 previously. In late trading the U.S. currency continued to fall to Fl 2.2065.

TOKYO—Heavy selling of dollars pushed the U.S. currency to another record low against the Yen ahead of the opening of European markets. The Bank of Japan intervened in late trading, buying an estimated $100m at Y201.30 The lowest level touched by the dollar was Y201.25, and it closed at Y201.32½, compared with Y203.32½ on Monday. Spot trading was active at about $487m with combined forward and swap trading at $422m.

THE POUND SPOT

July 4	Bank rate %	Day's Spread	Close
U.S. $	7¼	1.8650-1.8760	1.8740-1.8760
Canadian $	8½	2.0960-2.1060	2.1035-2.1045
Guilder	4	4.11½-4.16½	4.12½-4.13½
Belgian Fr.	5½	60.50-60.90	60.40-60.50
Danish Kr.	9	10.50-10.66	10.64½-10.65½
D-Mark	3	3.52½-3.56½	3.53½-3.54½
Port. Esc.	18	84.75-85.70	84.50-85.50
Span. Pes.	8	146.55-147.10	146.45-146.55
Lira	11½	1,577-1,585	1,583½-1,584½
Nrwgn. Kr.	7	10.04½-10.1[illegible]	10.09-10.1[illegible]
French Fr.	9½	8.28½-8.37½	8.28½-8.29½
Swedish Kr.	7	8.48-8.52	8.50½-8.51½
Yen	3½	372-382	376-378
Austria Sch.	4½	27.65-27.85	27.70-27.80
Swiss Fr.	1	3.35½-3.40½	3.37-3.38

Belgian rate is for convertible francs. Financial francs 61.35-61.55.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.48-0.38c pm	2.76	1.25-1.15c pm	2.56
0.60-0.50c pm	3.14	1.70-1.60c pm	3.14
7⅞-7⅞c pm	6.91	7⅜-6⅜c pm	6.68
30-20c pm	4.96	0-71c pm	4.98
2-4 ore dis	−3.41	6½-[illegible] ore dis	−2.84
5-4 pf pm	7.01	[illegible] pf pm	7.94
35-185c dis	−11.99	150-475c dis	−14.11
par-100c dis	−4.09	50-175c dis	−3.07
2 lire pm-par	0.76	4-2 lire pm	0.75
2-2½ ore dis	−[illegible].08	[illegible] ore dis	−1.0[illegible]
1c pm-par	0.72	3½-2½c pm	1.45
¾ore pm-¾dis	0.71	3½-1½ ore pm	1.66
3.15-2.85y pm	9.55	8.50-7.55y pm	8.62
17-7 gro pm	6.[illegible]9	42-3[illegible] gro pm	6.55
5-2c pm	8.8[illegible]	8¾-7¾c pm	[illegible].78

Six-month forward dollar 2.60-2.50c pm 12-month 5.00-4.90c pm.

THE DOLLAR SPOT

July 4	Day's spread	Close
Canad'n $*	89.09-89.20	89.09-89.12
Guilder	2.2075-2.2180	2.2075-2.2085
Belgian Fr	32.32-32.43	32.36-32.37
Danish Kr	5.6150-5.6330	5.6315-5.6330
D-Mark	2.0520-2.0580	2.0520-2.0530
Port. Es	—	45.40-45.55
Lira	843.60-847.10	845.30-845.60
Nrwgn. Kr	5.3695-5.3840	5.3830-5.3840
French Fr	4.4450-4.4675	4.4500-4.4535
Swedish Kr	4.5350-4.5435	4.5385-4.5395
Yen	200.60-201.15	200.90-201.10
Austria Sch	—	14.82½-14.83½
Swiss Fr	1.7990-1.8185	1.8025-1.8035

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.02-0.94c pm	0.37	0.10-0.13c pm	0.50
0.78-0.73c pm	3.83	2.28-2.23c pm	4.13
7-5½c pm	2.46	22-20c pm	2.85
—		—	
0.89-0.84pf pm	4.78	2.90-2.85pf pm	5.46
—		—	
0.80-1.30lire dis	−2.66	3.25-4.25lire dis	−2.64
—		—	
0.47-0.57c dis	−2.26	0.95-1.15c dis	−1.57
—		—	
1.20-1.35y pm	6.33	3.15-3.00y pm	6.05
—		—	
1.10-1.06c pm	6.62	3.31-3.27c pm	7.08

CURRENCY RATES

July 3	Special Drawing Rights	European Unit of Account
Sterling	0.66611	0.671538
U.S. dollar	1.24183	1.25716
Canadian dollar	—	1.41163
Austrian schilling	18.5095	18.5702
Belgian franc	40.4930	40.6408
Danish kroner	6.99647	7.07489
Deutsche Mark	2.56835	2.57823
Guilder	2.76369	2.77904
French franc	5.57892	5.58644
Lira	1057.42	1062.18
Yen	252.464	252.616
Norwegian kroner	6.69346	6.76220
Peseta	97.6327	98.2374
Swedish kroner	5.66188	5.70597
Swiss franc	2.28683	2.26184

CURRENCY MOVEMENTS

July 4	Bank of England Index	Morgan Guaranty changes %
Sterling	61.41	(u)
U.S. dollar	86.28	(u)
Canadian dollar	84.71	(u)
Austrian schilling	139.81	(u)
Belgian franc	110.01	(u)
Danish kroner	113.81	(u)
Deutsche Mark	141.01	(u)
Swiss franc	187.20	(u)
Guilder	120.41	(u)
French franc	100.32	(u)
Lira	56.38	(u)
Yen	146.91	(u)

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100). (u) Unavailable.

OTHER MARKETS

	£	$		£ Note Rate
Argentina Peso	1,846-1,472	[illegible]	Austria	28-29
Australia Dollar	1.6230-1.6290	0.8696-0.8681	Belgium	60-61½
Finland Markka	7.8-7.89	4.115-4.135	Denmark	10.30-10.45
Brazil Cruzeiro	32.94-33.94	17.57-18.11	France	8.35-8.50
Greece Drachma	67.[illegible]-[illegible]411	[illegible].14-37.03	Germany	3.80-3.90
Hong Kong Dollar	8.[illegible]7-[illegible].70	4.644-4.[illegible]6	Italy	1560-1590
Iran Rial	128-134	[illegible]8.28-[illegible]1.48	Japan	360-390
Kuwait Dinar (KD)	0.505-0.[illegible]16	0.[illegible]699-0.[illegible]52	Netherlands	4.05-4.15
Luxembourg Franc	60.4-60.5	32.2[illegible]-32.27	Norway	9.85-10.00
Malaysia Dollar	4.4[illegible]25-4.4225	2.3[illegible]90-2.[illegible]0	Portugal	80-84
New Zealand Dollar	1.8[illegible]6-1.[illegible]2	0.9635-0.9639	Spain	1.45-1.46
Saudi Arabia Riyal	6.40-6.50	3.41-3.47	Switzerland	3.40-3.50
Singapore Dollar	4.[illegible]24-4.[illegible]4	2.3155-2.316[illegible]	United States	1.84-1.86
South African Rand	1.6198-1.6367	0.8641-0.8731	Yugoslavia	34-36

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES*

July 4	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9¾-10¼	7¼-8¼	7⅞-8⅛	4¼-4½	1⅞-2⅛	3⁷⁄₁₆-[illegible]	12-12½	9-11	—	1⅛-1⅞
7 days notice	10⅜-10⅝	[illegible]	8-8½	4¼-4½	1⅛-1¼	3⁷⁄₁₆-[illegible]	11¼-11¾	10-11	8¹⁄₁₆-8³⁄₁₆	[illegible]-1⅛
Month	10¾-11⅛	7½-7⅞	8¹⁄₁₆-8³⁄₁₆	4¼-4½	1¹⁄₁₆-1³⁄₁₆	3[illegible]	10¼-10½	10-11	8³⁄₁₆-8⁵⁄₁₆	1¾-2⅛
Three months	11⅝-11¾	[illegible]	8¾-9	4½-4¾	1⁷⁄₁₆-1¹¹⁄₁₆	3½-3⅝	10¼-10½	10½-11½	8⅞-9	3-3⅜
Six months	12-12⅜	8½-8⅞	9-9¼	5⅛-5⅜	[illegible]-2⅛	3½-3⅝	10¼-10½	12-13	[illegible]	3⁷⁄₁₆-[illegible]
One year	12¼-12⅝	8¾-9⅛	9⅛-9⅜	5⅜-5⅝	2¹⁄₁₆-2³⁄₁₆	3¼-3⅜	11-11¼	12½-13½	9¼-9⅜	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.35-8.45 per cent; six month [illegible] per cent; one year 9.00-9.10 per cent.

Long-term Eurodollar deposits: two years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9½-9¾ per cent; five years 9½-9¾ per cent. *Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS-RATES

July 4	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.875	3.840	377.0	8.293	3.375	4.130	1584.	2.104	60.45
U.S. Dollar	0.533	1.	2.049	201.1	4.424	1.800	2.203	845.0	1.122	62.25
Deutsche Mark	0.260	0.488	1.	98.18	2.160	0.879	1.076	412.5	0.548	15.74
Japanese Yen 1,000	2.653	4.972	10.19	1000.	22.00	8.952	10.95	4202.	5.580	160.3
French Franc 10	1.206	2.260	4.631	454.6	10.	4.070	4.980	1910	2.537	72.90
Swiss Franc	0.296	0.555	1.138	111.7	2.457	1.	1.224	469.3	0.613	17.91
Dutch Guilder	0.242	0.454	0.930	91.28	2.008	0.817	1.	383.5	0.509	14.64
Italian Lira 1,000	0.631	1.183	2.424	238.0	5.235	2.131	2.607	1000.	1.328	38.16
Canadian Dollar	0.475	0.891	1.826	179.2	3.942	1.604	1.963	753.0	1.	28.74
Belgian Franc 100	1.654	3.101	6.352	623.7	13.72	5.583	6.832	2620.	3.480	100.

INTERNATIONAL MONEY MARKET

French limit loan interest

The limit on interest charged to private borrowers was set yesterday at 22.72 per cent by the French authorities. The rate will apply for the second half of 1978, and is linked (by virtue of being double) to the average gross yield at issue date of bond issues floated on the local capital market by private borrowers during the previous six months. At the end of June this stood at 11.36 per cent. The ceiling is to be updated every six months provided that the average bond yield differs by more than 0.25 per cent from the previous rate.

Short-term money market rates were easier at 7⅝ per cent from 7¾ per cent on Monday. One-month money fell to 7¾ per cent from 7¹³⁄₁₆ while the longer periods showed no change.

FRANKFURT—Interbank money market rates were unchanged from 3.55 per cent for call money through to 3.95 per cent for six-month funds.

AMSTERDAM—Call money was unchanged at 4⅝ per cent while the one-month rate rose to 4¼-4⅜ per cent from 4⅛-4¼ per cent and three-month at 4⅜-4½ per cent against 4¼-4⅜ per cent. Six-month funds were quoted at 5⅜-5½ per cent against 5¼-5⅜ per cent previously.

BRUSSELS—Funds at call eased to 4.65 per cent after 6 per cent against the previous 5.20 per cent, with one month at 5⅜-5½ per cent, three-month at 5¹⁵⁄₁₆-6¹⁄₁₆ per cent; six-month 6⁹⁄₁₆-6¹¹⁄₁₆ per cent and one-year rates at 7¼-7½ per cent.

HONG KONG—Conditions in the money market were again tight, with call money commanding 5¾ per cent and overnight business at 4¾ per cent.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Conditions in yesterday's London money market remained pretty dull and although factors pointed towards a fairly flat day, the authorities were required to buy a moderate amount of Treasury bills all direct from the discount houses. Banks brought forward balances above target and this appeared to be the only factor working in the market's favour. On the other hand, there was a fairly large take-up of Treasury bills and a similar rise in the note circulation. This was in addition to the repayment of Monday's small advances.

Factors tended to indicate that the intervention should not have been necessary and banks are expected to carry forward above target balances to today. Discount houses paid up to 9¾ per cent for secured call loans, but closing balances were taken at 7½-8½ per cent.

In the interbank market, overnight loans opened at 9¾-9¾ per cent where most of the day's business was done. During the afternoon, rates eased to 8-8½ per cent and although 10 per cent was seen in places at the close, very little business was done at this level. Short-term fixed period interest rates remained fairly steady.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 4 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposit	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	8-10	—	—	—	10	7⅛-9¾	—	—	—
2 days notice	—	—	9¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10⅛	—	—	—	—
7 days notice	—	9¾-9⅞	9¾-9⅞	—	10-10⅛	—	9⅝-9½	—	—	—
One month	9[illegible]-9[illegible]	9⅞-10	9⅞-10	10¼-10	10⅛-10¼	10¼	9½-9⅝	9⁷⁄₁₆-9¼	9⅞	10⅛
Two months	10-9⅞	10[illegible]-10[illegible]	—	9⅞-9½	10¼-10⅝	—	9½	9¼-9[illegible]	9[illegible]-9⅞	10⅛
Three months	10⅛-10	10⅛-10¼	9⅞-10	9⅞-9⅝	10⅜-10½	10½	9½	9[illegible]-9[illegible]	[illegible]	10⅝
Six months	10[illegible]-10[illegible]	10[illegible]-10[illegible]	10-10⅛	9⅞-9¾	10⅝-10⅞	—	—	—	10[illegible]	10¾
Nine months	10½-11[illegible]	10½-10⅝	—	10⅛-9⅝	10[illegible]	—	—	—	—	—
One year	10½-10[illegible]	10½-10⅝	10¼-10½	10⅛-10[illegible]	11	—	—	—	—	—
Two years	—	—	10¼-11¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent. ф Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9¹⁵⁄₁₆ per cent; four-month trade bills 10⅝ per cent.

Approximate selling rates for one-month Treasury bills 9⁵⁄₁₆-9¼ per cent; two-month 9²⁵⁄₃₂-9⁹⁄₃₂ per cent; and three-month [illegible] per cent. Approximate selling rates for one-month bank bills 9¹¹⁄₁₆ per cent; and two-month 9¹¹⁄₁₆-9²⁵⁄₃₂ per cent; and also three-month [illegible] per cent. Approximate selling rate for one-month trade bills 10⅝ per cent; two-month 10⅝ per cent; and also three-month [illegible] three-month 9¹³⁄₁₆ per cent. One-month trade bills 10⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6⅜-7 per cent. Clearing Bank Base Rates for lending 10 per cent.

Treasury Bills: Average tender rates of discount 9.2726 per cent.

GOLD

	July 4	July 3
Gold Bullion (a fine ounce)		
Close	$184½-185½	$183½-184½
Opening	$184-184½	$182½-183½
Morning fixing	$185.00 (£98.798)	$183.00 (£98.451)
Afternoon fixing	$184.40 (£98.689)	$183.25 (£98.189)
Gold Coins, domestically		
Krugerrand	$190-192 (£101¼-102¼)	$191½-193½ (£102¼-103¼)
New Sovereigns	$54½-56½ (£29¼-30½)	$56-57 (£29¼-30½)
Old Sovereigns	$54-56 (£28¾-29¾)	$55¾-62 (£28¼-29¾)
Gold Coins, internationally		
Krugerrand	$190-192 (£101¼-102¼)	$189-191 (£101¼-102¼)
New Sovereigns	$54-56 (£2[illegible]-29¾)	$55-56 (£28¼-29¾)
Old Sovereigns	$54-56 (£28¾-29¾)	$56¾-66¾ (£28¾-29¾)
$20 Eagles	$[illegible]	$276½-279½
$10 Eagles	$142-146	$142-145
$5 Eagles	$100-105	$100½-103½

Gold rose $1 to $184½-185½, in very quiet trading as a result of the closure of the New York market. The metal opened slightly firmer at $184-184½, reflecting the weakness of the dollar against other major currencies, and was fixed at $185.00 (£98.798) in the morning and at $184.40 (£98.689) in the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 26,750 per kilo ($187.23 per ounce) in the afternoon, compared with FFr 26,750 ($186.29) in the morning, and FFr 26,750 ($185.20) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,200 per kilo ($185.02 per ounce), compared with DM 12,200 ($183.41) previously.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	8.125
Treasury Bills (13-week)	6.94
Treasury Bills (26-week)	7.36

GERMANY

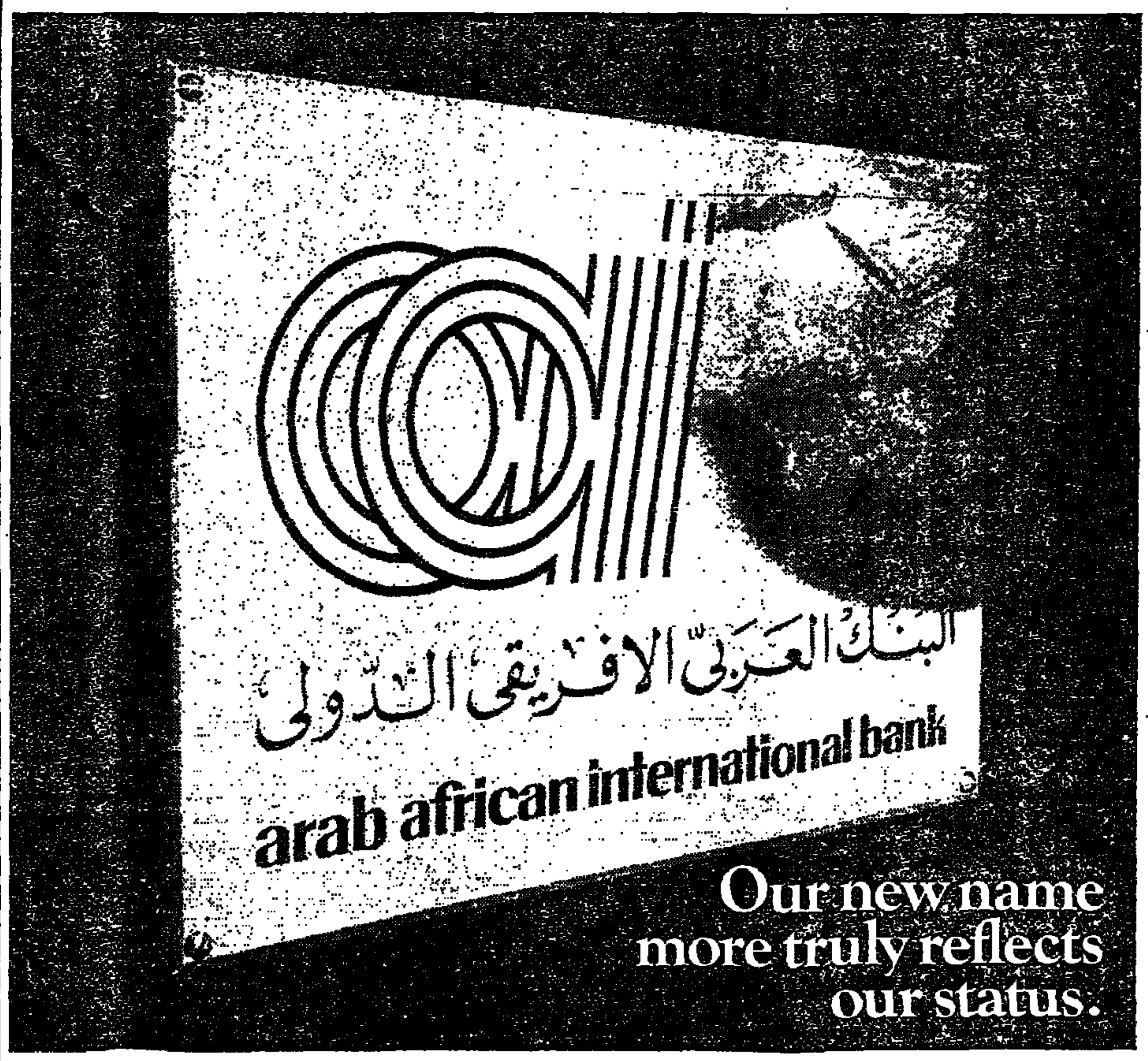
Discount Rate	3
Overnight	3.55
One month	3.6
Three months	3.7
Six months	3.95

FRANCE

Discount Rate	9.5
Overnight	7.375
One month	7.75
Three months	8.125
Six months	8.6875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.50
Bills Discount Rate	4.875



WORLD STOCK MARKETS

Yen's fresh rise cuts back early Tokyo gain

INVESTMENT DOLLAR PREMIUM
\$2.60 to £1—112¼% (112¾%)
Effective \$1.8744—53¼% (52¾%)

SHARE PRICES on the Tokyo SE made further headway initially yesterday, but most of the gain was lost near the close as investors rushed in to take profits on concern over a further rise in the yen on foreign exchange markets.

The Nikkei-Dow Jones Average was finally a net 0.96 down at 5,562.01, after an early rise to a new post-war high of 5,577.75, while the Tokyo SE index managed a minor net improvement of 0.38 at 418.80. Trading was active, with volume amounting to 350m shares, against Monday's 290m.

All U.S. stock markets were closed yesterday for Independence Day.

Export-orientated Electricals, Vehicles and Cameras closed mixed. TDK Electronics lost Y20 to Y2,2260, Alps Electric Y40 to Y1,030 and Toyota Motor Y12 to Y915, but Nissan Motor finished Y2 up at Y790 and Ricoh Y15 higher at Y559. Sony were unchanged on balance at Y1,690.

Pharmaceuticals and some Textiles ended lower on the day on late profit-taking, but Foods, Breweries and other consumption-related shares held up well in active trading.

Japan Security Patrol rose Y90 to Y2,370, Seino Transportation Y50 to Y1,150, Nippon Denso Y50 to Y1,540, Yokogawa Bridge Works Y42 to Y870, Raito Kogyo Y35 to Y635 and Kaken Chemical Y30 to Y1,350.

On the other hand, Eisai lost Y40 to Y1,240, Mochida Pharmaceuticals also Y40 to Y1,630, Koatsu Gas Kogyo Y34 to Y505, Matsushita Reiki Y30 to Y1,910 and Takashimaya Y20 to Y446.

Australia

Markets were disappointed by a lack of anticipated London support for resources stocks following the Federal Government's decision to drop plans for a special resources tax, and consequently share prices lost some of Monday's momentum.

However, some of the local institutions moved in to fill the gap left by London and stocks closed on a mixed note overall.

BHP, \$A7.22, lost 4 cents of the previous day's 40 cents advance, while among Uraniums, Queensland Mines came back 10 cents to A\$2.60 but Pancontinental hardened 10 cents more to A\$14.60.

Elsewhere in Minings, Western Mining relinquished 5 cents at A\$1.58, Associated Minerals 10 cents at A\$1.05 and Consolidated Goldfields 5 cents to A\$3.15, but CRA were 2 cents firmer at A\$2.52.

Coal Mines were mixed to firm despite a gloomy news background, which included the Utah strike which has now entered its fourth week. Coal and Allied were 8 cents higher at A\$4.18 and Thiess put on a few cents, but Oakbridge eased 2 cents to A\$1.73.

Atherton Antimony shed 1 cent to 79 cents ahead of the outcome of the shareholders' meeting to consider the acquisition of an interest in Goldfield Mines of Fiji.

Retailers recovered from a weak start to finish firmly after Woolworth's storemen and packers decided to return to work and let wage negotiations begin. Woolworths ended 2 cents better at A\$1.60. Phillip Morris featured strongly with an advance of 26 cents to A\$6.80.

Banks, Insurances and Properties were firmer inclined, but Building Material Suppliers lost ground and there were some soft spots in Breweries.

Germany

The recent firm trend gave way to a mixed performance yesterday, with the dollar's weakness on foreign exchange markets acting as a drag on sentiment.

Motors, however, continued strongly, with Volkswagen rising DM 3.00 following the chairman's assurances to shareholders about the 1978 dividend. BMW gained DM 2.00 and Daimler DM 0.50.

Banks, on the other hand, lost favour, and Deutsche receded DM 1.50 and Dresdner DM 0.90.

In other sectors, Electricals and Steels were mixed, while Chemicals, Utilities and Machines were generally lower.

Siemens declined DM 1.40 in Electricals and Schering lost DM 3.30 in Chemicals, but elsewhere, Metallgesellschaft rose DM 3.40.

Paris

Market displayed modest irregular movements in a very thin business.

Brokers said some profit-taking on the gains of the last two sessions had been offset by the strength of the franc on foreign exchange markets.

Portfolios, Constructions and Textiles were mostly higher at the close, but Metals were mainly easier.

Peugeot, in Motors, were a shade easier at FFr 367 despite announcing record output for the first half of 1978.

Locindus, Olida, Phenix, Generale de Fonderie, PLM, Prenatal, Telephones Ericsson, Primagaz and Dollfus-Mieg gained ground, but Beghin, Kleber, Borel, Printemps, Radiotechnique, Saone and BIC were among declining issues.

Canada

After the holiday-lengthened week-end, stock prices were easier for choice yesterday in slack trading, volume reaching only 1.92m shares on the Toronto SE compared with last Friday's level of 2.76m shares.

The Toronto Composite index shed 2.6 to 1123.6, while Metals and Minerals retreated 9.9 to 934.8 and Financial Services 2.33 to 1,089.64, but Golds advanced 14.6 to 1,425.6 and Oils and Gas, after last Friday's fall of 22.6, picked up 1.6 to 1,408.6. In Montreal, Banks came back to 0.70 to 274.24 and Papers 0.32 to 113.43, but Utilities hardened 0.11 to 170.66.

Ashland Oil Canada rose C\$1 to C\$23½ before trading was halted—its U.S. parent said that it has received "serious expressions of interest" for Ashland Oil Canada.

Keen Industries, which also had dealings halted, were unchanged at 65 cents—the Toronto SE declared that it will delist Keen on July 20 for failure to meet listing requirements.

Labatt "A" eased ⅛ to C\$21⅛—the company announced that its offer to acquire Bear Mountain Winery has been accepted by the co-operative's members.

Walker-Goderham "A" C\$31½, Texaco Canada, C\$39½, and Inco "A," C\$18, were each ⅛ lower.

Hong Kong

After the recent uptrend, stock prices moved irregularly yesterday in reduced activity with some profit-taking noted. The Hang Seng index came back 2.56 points to 564.72.

Hong Kong Bank rose 10 cents to HK\$18.60, Hutchison Whampoa 15 cents to HK\$6.35, Swire Pacific 10 cents to \$HK8.70 and Wheelock Marden 2.5 cents to HK\$3.575. However, Hong Kong Land receded 10 cents to HK\$10.50. Tai Cheung Properties eased 5 cents to HK\$1.75 after the results. Paul Y declined 12.5 cents to HK\$2.30 on news of the death of its founder. Hong Kong Electric, Hong Kong Wharf and China Light also lost ground.

Johannesburg

Gold shares gained ground in moderate trading reflecting the rise in the Bullion price. Gains ranged to 200 cents in Heavyweights, while smaller and medium-priced issues gained up to 35 cents.

Mining Financials followed producers higher. Anglos rose 13 cents to R5.63 and Union Corporation 8 cents to R4.83. De Beers were 10 cents harder at R6.80.

Platinum shares gained between 4 and 6 cents, but Coppers were unchanged to a fraction easier.

The Industrial market was mixed with a firmer bias, with some institutional demand in evidence.

Switzerland

Mostly lower levels again prevailed in moderate activity, market sentiment being undermined by the rise of the Swiss franc, especially against the dollar and the Deutsche mark, on foreign exchanges.

Swissair came back 9 more to SwFr 802 for a two-day fall of 28 still unsettled by the IATA decision to permit airlines to charge lower fares.

Domestic and Foreign Bonds were steady. The Finland 4.5 per cent bond issue fell on its first day of quotation to 97.75 per cent, compared with the issue price of 99.5 per cent.

Amsterdam

There was a predominance of losses, although a particularly bright exception was KLM, which rose 4.3 to Fl 149.5 ahead of the annual report.

Also resisting the downtrend were Heineken, 2.3 up at Fl 100.8, and Stevin Groep International Contracting, 6.8 higher at Fl 138.8, but HVA Agro-Industrial Projects declined 1.5 to Fl 52.5, Ahold Supermarkets 1.7 to Fl 109.8, Ballast-Nedam International Contracting 4 to Fl 104, HBG Contracting 2.7 to Fl 104.30 and RSV Shipbuilding 2 to Fl 81.

State Loans were also lower.

Milan

The easier tendency persisted, with operators still cautious over continuing political uncertainties.

Snia Viscosa, against the trend, picked up 10 to L727.

Brussels

Easier for choice in quiet trading.

Fabrique Nationale retreated 35 to BFr 2,625 and Vieille Montagne 26 to BFr 1,440 but Cockerill recovered 10 to BFr 446.

NEW YORK

Stock	July 5	June 30
Abbott Labs	32	32⅝
Addressograph	20¼	20¾
Aetna Life & Cas.	39¾	40⅛
Air Products	28	27¾
Alcan Aluminium	27	27
Alcoa	41½	42¼
Alleg. Ludlum	17¼	17¼
Allegheny Power	18	18

Stock	July 5	June 30
Corning Glass	5 7⅛	56⅛
CPC Int'national	48¾	49⅝
Crane	28½	28¾
Crocker Nat	25⅞	25⅞
Crown Zellerbach	31⅝	31¾
Cummins Engine	37⅞	36⅞
Curtiss Wright	16½	16⅝
Dana	27¼	27⅛
Dart Industries	42⅝	42⅝
Deere	31½	31½

Stock	July 5	June 30
Johns Manville	30½	30¾
Johnson Johnson	81½	81¾
Johnson Control	26½	26⅝
Joy Manufactur'g	32¾	33
K. Mart Corp.	24⅛	24½
Kaiser Aluminium	31⅞	32⅛
Kaiser Industries	2	2⅛
Kaiser Steel	24⅝	24⅝
Kay	12⅝	12½
Kennecott	23	23¼

Stock	July 5	June 30
Revlon	48	48¼
Reynolds Metals	28⅝	28⅝
Reynolds R. J.	56½	57⅛
Rich'son Merrell	25⅜	25⅜
Rockwell Inter.	31⅝	31⅞
Rohm & Haas	32¾	32⅞
Royal Dutch	58½	58¾
RTE	14¾	14½
Russ Togs	12⅝	12⅝

Stock	July 5	June 30
Woolworth	19	19
Wyly	3⅞	3⅞
Xerox	51⅞	52⅞
Zapata	15¾	15¼
Zenith Radio	13⅞	14
U.S. Treas. 4% 1980	†94¼	†94½
U.S. Treas. 4¼% 75/85	†79½	†79½
U.S. 90 day bills	6.93%	7.00%

Stock	July 5	June 30
Walgreen	25	24⅝
Warner Commun.	41⅛	41
Warner-Lambert	28⅝	28½
Waste Man'ment	22¾	22⅞
Wells-Fargo	26½	26⅝
Western Ban corp	30⅞	30⅝
Western N. Amer.	27¾	27⅝
Western Union	16⅛	16⅝
Westingh'se Elec	21¼	21½
Weyerhaeuser	25⅜	25⅝
Whirlpool	24⅞	24¾
White Con. Ind.	22⅛	22¾
William Co.	22⅝	22⅛
Wisconsin Elect.	18⅝	18¼

CANADA

Stock	July 5	June 30
Simpson	[illegible]	[illegible]
Steel of Canada	25⅛	25¾
Steep Rock Iron	2.6	2.88
Texaco Canada	39⅛	39⅝
Toronto Dom. Bk.	18⅛	19¼
Trans Can Pipe Ln	16¾	16¾
Trans Mount Op	9	9⅛
Trizec	14	14
Union Gas	11¼	11¼
Utd. Siscoe Mines	7¼	7¼
Walker Hiram	31⅛	32
West Coast Trans	11⅛	11⅛
Weston (Geo.)	17	17

† Bid. ‡ Asked. § Traded. ¶ New stock

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ▼ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ◆ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ... and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. ...

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

MONDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

Source: Nikko Securities, Tokyo

AUSTRALIA

BRAZIL

Turnover: Cr\$ 5m. Volume 35.8m. Source: Rio de Janeiro SE.

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.\$0.7 (Discount of 37.8%)

SPAIN ▼

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ●

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10 %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capital C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10%
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10%
National Westminster	10%
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Ltd.	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

FARMING AND RAW MATERIALS

Chipboard crisis warning

By John Edwards, Commodities Editor

REPRESENTATIVES of the beleaguered UK chipboard companies yesterday warned Mr. Michael Meacher, Under Secretary for Trade, that there could be a shutdown of the industry unless some action was taken to control cut-price imports.

The delegation was led by Mr. David Lambie, Labour MP for Central Ayrshire. He claimed that the Scotboard mill, which is in his constituency, had a year's production in stock, and the five other UK domestic chipboard producers were facing similar crises because of low-price "dumping" by Continental mills.

The delegation pressed the Minister to take action against these imports, and also give assistance to tide the industry over. About 1,200 jobs in high unemployment areas are directly at stake, but many other jobs in the forestry and ancillary industries could also be threatened by closures of the mills.

Mr. Meacher promised to press the EEC Commission "vigorously" to ensure that the special minimum price deals concluded earlier this year were properly implemented.

But the Ministry is in a dilemma over charges of "dumping" by Belgian suppliers. It was pointed out that there was no real provision in the Treaty of Rome for dealing with intra-Community "dumping." But Mr. Meacher promised to investigate what could be done if it was proved that Belgian mills were selling chipboard cheaper in the UK than in their domestic market.

Land prices 'continuing to show big rises'

By Our Commodies Staff

A CONTINUING "substantial" rise in agricultural land prices was reported by the Ministry of Agriculture yesterday. Sales of vacant possession land in the three months to the end of May were at an average price of £2,858 per hectare compared with £2,787 in the three months to the end of April and £2,003 in the corresponding period last year, according to Ministry figures.

The land price index stood at a peak of 144 in May against 140 in April and 102 in May 1977.

The information is based on ..0 land sales totalling 10,000 hectares. The index allows for regional and size variations in the sales.

Irish opposed to common EEC lamb policy

BY CHRISTOPHER PARKES

IRISH FARMERS do not want a Common Market regime governing trade in lamb. "Free trade will cause chaos in the whole sheep industry of the EEC." Mr. Paddy Lane, president of the Irish Farmers' Association, said at the Royal Show at Stoneleigh yesterday.

A continuation of existing arrangements with some minor adjustments to allow British lamb exporters a share in the high-priced French market would meet everyone's needs, he added.

He claimed that his views were largely shared by the French industry's federation, Nationale Ovine.

There are fears in France that if wholly free trade is allowed, the producer price for lamb there could fall by as much as 30 per cent. In Britain, experts say that the price of lamb could rise by 35-40 per cent in the shops.

Mr. Lane said that a full "common" marketing regime would push up retail prices in Britain, disrupt the redevelopment of the Irish sheep industry and harm French farmers' interests, thus hitting everyone involved.

He discounted suggestions that reductions in French sheep prices would boost consumption significantly in France. The UK market was accustomed to low prices and that should be protected, Mr. Lane said.

Since the accession of Ireland to the EEC, the national flock had fallen from 5m to 3½m head, said Mr. Lane. Even if greater exports were allowed into France, however, it was unlikely that there would be anything more than a slight increase in flock numbers.

Another Royal Show visitor, Mr. Brian Talboys, the New Zealand Deputy Prime Minister, added his voice to the chorus against the proposed sheep regime.

He has just returned from a tour of the nine EEC countries convinced of the personal good faith of Mr. Finn Gundelach, the Agriculture Commissioner in Brussels. He believes, though, that the proposals could lead to an end to New Zealand lamb exports.

"Councils and commissions change and I have yet to see any Community regime eventually operating to the benefit of third countries," he said.

Fall in UK beef output blamed on Government

By Our Commodies Staff

THE GOVERNMENT was blamed at the Royal Show yesterday for the decline of the British beef industry.

Mr. John Corr, managing director at the Irish Livestock and Meat Board, said: "UK farmers are suffering from considerable discouragement."

The policy of keeping the green pound artificially overvalued had led to a fall in meat production. UK beef output in the last three months of this year is expected to fall 8 per cent, the Meat and Livestock Commission says.

"The inevitable result is increased imports of beef to the UK from all sources for the remainder of 1978." Mr. Corr said.

"If this means a continuing trend of decreasing home production then it should be acknowledged that it is the result of a national policy and a national plan."

Mr. Corr denied that Irish exports of stock and meat depressed the market in Britain. He said British farmers' dissatisfaction stemmed from the difference between what the British and Irish ministers believed their producers should receive for beef.

"Now our guaranteed price is over 15 per cent higher than the British price. We are responding to a British policy and our exporters are benefiting from it.

"I regret that the British farmer is in a circumstance that is leading to reduced production."

Record UK grain crop forecast

By Christopher Parkes

FARMERS IN England and Wales will produce a record cereals harvest this year, provided the weather does not ruin it, the Ministry of Agriculture announced at the Royal Show yesterday.

Output of grain from a crop reported to be exceptionally free of pests and diseases could reach 14.8m tonnes—about 700,000 tonnes more than the previous record established last season. Much of the crop will be wheat.

Officials from the Ministry's Agricultural Development and Advisory Services said that farmers had drilled 15-20 per cent more winter wheat than in 1976-77. The barley acreage was possibly marginally higher.

While winter crops were growing unusualy well, the quality of spring sown grains was variable.

The potato crop, too, was looking healthier than for the past four years, and had grown particularly well in the past six weeks.

Sugar-beet was growing very well and, again, was remarkably free from disease, service officials noted.

Doubts over quality of EEC wheat harvest

PARIS, July 4.

DOUBTS over the quality of the EEC wheat harvest this year are making French co-operatives reluctant to sell the new crop, according to trade sources.

They have sold only about 5 per cent of their new crop so far, compared with about 20 per cent in a normal year.

The EEC wheat harvest was expected to be between 2.5m and 3m tonnes higher than the 36.2m produced last year.

The recent cool, rather wet weather and the lateness of sowings had led to some doubts over the quality of the harvest this year, however.

New crop buyers were also reserved because they believed that prices could ease from present levels, given the higher harvest expected.

COPPER PRICE CUT

Three groups yesterday cut their Canadian copper prices by 2 cents per pound with immediate effect.

Noranda Sales and Hudson Bay Mining reduced their prices for electrolytic copper cathodes from 71 to 73 Canadian cents, while Inco Metals announced its price for "orc" copper wire bar had been cut to 71.625 cents.

AGRICULTURAL RESEARCH

Developing new uses for cereal starch

BY MARY CHERRY

STARCH CAN satisfactorily replace petro-chemicals in the manufacture of plastics and has the advantage of being rottable, according to the results of research conducted at the U.S. Department of Agriculture's northern regional research centre at Peoria, Illinois.

This annually renewable component of cereal grains and potatoes also forms the basis of a wide range of products for agricultural, medical, industrial and other uses which have been pioneered at the centre.

Research into the potential for greater utilisation of crops, to extend their market, started at four regional centres in the US during an earlier period of crop surpluses and marketing difficulties. Much of this research is now coming to fruition at a fortuitous time, as American grain stocks are growing and producers are complaining of inadequate prices.

At the northern regional centre subjects of research include the components of maize, wheat, grain sorghum, oats, soya beans, flax, kenaf and horticultural crops, with much emphasis being placed on the starch of the grain crops.

This starch is now being used in plastics as a multi-purpose absorbant, a product for removing pollutant metals from industrial waste and a material for formulating slow-release crop protection chemicals—to name but a few of the centre's successes.

Plastics containing as much as 90 per cent starch have been produced, but at this high level there is a disadvantage for most purposes, but not all—brittleness. Components of other plants are now being investigated to see if a combination of these plus starch could produce a functionally satisfactory plastic that would be totally broken down biologically.

Completely satisfactory plastics —including film for mulching and other purposes—have been produced by using 50 to 60 per cent starch plus petroleum-based products.

This spring, commercial production was begun of another product of the centre's research. Scientists at Peoria call it a compound with a super thirst—a "super slurper"—and its potential uses seem to be virtually limitless.

Absorbent

Chemically it is identified as a hydrolyzed starch-polyacrylonitrile graft co-polymer (a starch-synthetic graft rather than a mix) and in laboratory tests it has absorbed up to 2,000 times

Its ability to soak up and, for a while, retain moisture makes it useful as a coating for seeds, a dip for plants being transplanted or transported, a conditioner for soils that have poor moisture retention properties, and an aid to hydroseeding of embankments or aerial seeding of hills or into standing crops.

It readily absorbs all body fluids and so appears to have great potential in medical and athletic spheres as a major component of bandages, pads, babies' nappies, working gloves, foot cushions, paper towels and powders.

The absorbant, when added to water, congeals it to a gel or, still further, to the consistency of crushed ice. This, say the centre's scientists, would make it much easier to remove excess water from sports fields or deal with flooded construction sites or basements.

The starch-based product for recovering pollutant heavy metals from industrial waste water is made by re-acting starch with caustic soda and carbon disulphide. The process of recovery is one of ion exchange, in which the sodium exchanges for positively charged metals such as copper, cadmium and chromium which can then be filtered out. Metals bind extremely tightly to the starch, so indications are that they could safely be used as land-fill.

The use of starch as an encapsulating or formulating agent for crop protection chemicals is in an advanced development stage, but has not yet been taken up by commercial companies. So far, work at Peoria has been mainly with herbicides and the product is granular for incorporation into soil. Research workers believe that they will eventually be able to produce a wettable powder for use as a spray.

Advantages claimed for these starch-formulated chemical products are that there will be a slow release of the active chemical and so less of a loss through leaching or volatisation, thus enabling spraying to be carried out less frequently.

It is clear that the scientists at the Peoria Centre have shown that there are almost limitless uses for starch. The economic viability of the products also looks promising in most instances, although this will naturally be dependent upon the relative availability and price of starch compared with products such as petro-chemicals and cellulose which it might replace.

Welsh meat marketing project

BY ROBIN REEVES, WELSH CORRESPONDENT

TWO NEW abbatoirs are to be built in Wales at a cost of about £4m. in a venture which promises to have a significant impact on livestock marketing prospects for Welsh farmers.

The group behind the new abbatoirs—one near Llanybydder in mid-Wales and the other at Corwen in the north—is a newly-formed company, Welsh Meat Holdings.

This has been established with the backing of a Scottish financier, Mr. Colin Forsythe. The chairman of the new company is Sir John Newson-Smith.

Construction work has already started on the Llanybydder plant, which will be run by a subsidiary company of the group, the Lampeter Meat Company.

At the Corwen plant, which will occupy the site of the Co-operative Wholesale Society's former cheese factory in the town, building work is due to begin in the New Year.

In addition, Welsh Meat Holdings has just purchased a 50 per cent. share in the Nantmel Meat Company, a locally-owned small new abbatoir near Llandrindod Wells, Powys. It proposes to use this for training staff for Llanybydder and Corwen.

The company is studying the possibility of building a specialist plant to handle the meat by-products. This could be sited near Wrexham.

Both the two new abbatoirs will have an initial capacity of 20 cattle and 250 lambs a day and provide 60 new jobs each. Both are being built to Common Market-approved standards, with an eye to export markets.

Applications have been lodged for national and EEC grants as well as a European Investment Bank loan of up to £4m. towards the cost of the venture.

The Welsh farming industry has long complained that meat marketing in Wales lags well behind developments in other parts of the U.K. and Europe. Certainly the industry does not make as big a contribution to income and badly-needed employment in rural Wales as it might.

INDIA SUSPENDS RUBBER EXPORTS

KOTTAYAM, July 4.

The Indian Government has suspended the export of natural rubber with immediate effect, the Indian Rubber Board announced here.

In January, it set an export target of 15,000 tonnes of rubber for the year.

The export ban has been imposed in view of the reported domestic shortage, the Board said. Reuter

Lomé Convention terms attacked

BY DAVID RENWICK

PORT OF SPAIN, July 4.

TRINIDAD AND Tobago, and other Caricom states, regard the present Lomé Convention with the European economic Community as unsatisfactory and will be going al out for better terms when negotiations for renewal open in Brussels on July 24.

This was made clear to an EEC delegation headed by Mr. Maurice Foley, deputy director general of the Development Division, which attended a five-day Caribbean Regional Seminar on the Lomé Convention held here.

Specific complaint was lodged by Caricom representatives at the seminar against the lack of any tangible benefit under Lomé trading provisions.

The share of EEC trade now enjoyed by members of the African, Caribbean, Pacific (ACP) group has dropped since 1974 notwithstanding the trade convention, noted a Trinidad and Tobago Ministry of External Affairs official.

The question of rum is of particular concern to the Trinidad rum industry. It was pointed out at the seminar that European definitions of rum were hindering trade expansion.

Both Germany and France maintain an official description of rum that effectively keeps Trinidad and its lighter Caricom rums out of the EEC with the sole exception of Britain. "But our position even in the British market may be threatened if a Community-wide rum regime is instituted as has been suggested," said the official.

In London, world sugar values again fell to new life of contract lows on the terminal market. The London daily sugar price was cut by £2 to £91 a tonne, its lowest level since last November.

COMMODITY MARKET REPORTS AND PRICES

COPPER—Barely changed and extremely .uet on the London Metal Exchange. ..ter opening around £712 forward metal ..sd back to £710 reflecting the firmness .. sterling against the dollar. However, ..vering against Continental physical busi-

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Wirebars				
Cash	694-.5	+2	692.5-3.5	—1
3 months	714-.5	+2	713.5-4	—.5
Settlem't	694.5	+2	—	......
Cathodes				
Cash	690.5-1	+3.75	689-90	—1
3 months	710.5-1	+3.25	709.5-10	—.75
Settlem't	691	+3.5	—	......
U.S. Smt.	—	......	*66.5-68	......

..ss and fresh buying lifted the price to ..16 on the morning Kerb. In the after..on values moved narrowly in the absence of any lead from the U.S. which was closed for Independence Day, and forward metal was finally £715.5 on the late Kerb. Turnover: 15,775 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £694, three months £712.5, 13, 14, 14.5. Cathodes cash £689.5, 91, three months £710.5, 11, 11.5, 11. Kerb: Wirebars, three months £715, 16, 15.5, 16, 15.5. Afternoon: Wirebars, three months £715, 15.5, 15, 14.5, 14. Cathodes, three months £709.5. Kerb: Wirebars, three months £714.5, 15, 15.5, 15.

TIN—Firmer. A rise in the Penang price, coupled with bear covering and covering against overnight U.S. physical demand, saw forward standard metal move ahead to £6,550 in the morning rings. But this trend was reversed in the afternoon as the rise in sterling against the dollar caused the price to dip to £6,500. However, fresh covering in a thin market prompted a rise on the late kerb with forward metal finally £6,545. Turnover: 1,315 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+ or —
High Grade	£	£	£	£
Cash	6630-40	+67.5	6570-5	+67.5
3 months	6545-55	+75	6505-15	+60
Settlem't	6640	+70	—	......
Standard				
Cash	6630-5	+67.5	6565-75	+65
3 months	6530-40	+77.5	6490-500	+62.5
Settlem't	6635	+65	—	......
Straits E.	‡$1705	+5	—	......
New York	—	......	—	......

Morning: Standard cash £6,635, early September £6,505, three months £6,490, £6,500, £6,510, 20, 30, 40, 35. Kerb: Standard, three months £6,550, 40. Afternoon: Standard cash £6,600, three months £6,535, 32, 30, 20, 10, £6,500. Kerb: Standard, three months £6,490, £6,500, 20, 25, 30, 40, 45.

LEAD—Moved ahead steadily in idle trading, opening in the morning rings at £315 and closing on the late Kerb at the day's high of £316.5. Turnover: 7,900 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	304-5	+2.75	305-6	+2.75
3 months	314-.5	+2.5	315.5-6	+2.5
Sett'm'nt	305	+3	—	......
U.S. Spot	—	......	*31-33	......

Morning: three months £315, 14, 14.5, 14.25. Kerb: three months £315, 15.5, 15. Afternoon: three months £316. Kerb: three months £316, 16.5.

ZINC—Up again, but with trading down to a minimum. Forward metal followed the pattern in lead and gained ground steadily throughout to close at the day's best level of £318 on the late Kerb with some covering against physical demand being reported. Turnover: 2,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	307-.5	+5.5	307-.5	+2.5
3 months	317.25-.5	+5.61	317-.25	+2.31
S'ment	307.5	+5.5	—	......
Prim. West	—	......	29.31	......

Morning: three months £316, 17, 16.5, 17. Kerb: three months £317.5. Afternoon: three months £317, 17.5. Kerb: three months £317.5, 18.

* Cents per pound. † On previous official close. ‡ $M per picul.

SILVER

Silver was fixed 0.15p an ounce higher for spot delivery in the London bullion market yesterday at 283.25p. U.S. cent equivalents of the fixing levels were: spot 530.4c, up 3.3c; three-month 540.8c, up 1.0c; six-month 552c, up 3.7c; and 12-month 575.2c, up 3.9c. The metal opened at 282½-283½p (529-530½c) and closed at 283½-284½p (531½-533c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	283.25p	+0.15	284p	+1.85
3 months	290.65p	+0.55	291.55p	+1.9
6 months	299p	+0.3	—	......
12 months	315.7p	+0.45	—	......

LME—Turnover 181 (154) lots of 10,000 ounces. Morning: Three months 291, 1.3, 1.5, 1.4, 1.5. Kerb: Three months 291.5. Afternoon: Three months 291.3, 1.5. Kerb: Three months 291.5, 1.6.

COCOA

With a holiday in the U.S. prices drifted lower in quiet conditions, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Contr'ct			
July	1831.0-36.0	—21.0	1850.0-33.0
Sept	1795.0-97.0	—21.5	1819.0-1795
Dec	1753.0-55.0	—18.5	1774.0-54.0
March	1728.0-30.0	—20.0	1744.0-28.0
May	1700.0-10.0	—17.0	1715.0-15.0
July	1690.0-95.0	—15.0	1695.0-90.0
Sept	1655.0-80.0	—12.0	—

Sales: 1,000 (6,121) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price July 3: 145.10 (143.48). Indicator prices July 4: 15-day average 138.54 (137.64); 22-day average 136.28 (135.72).

COFFEE

Although initially slightly lower, ROBUSTAS grew firmer throughout the morning due to some large-scale short-covering in the spot July position, Drexel Burnham reported. The holiday closure in New York restricted activity in the afternoon, but values remained steady as traders took profits from Monday's decline. Towards the close the July position came under pressure from Commission House long liquidation and closed at less than £100 premium over September.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1497-1500	—17.5	1545-1485
September	1397-1400	+16.0	1415-1375
November	1313-1314	+24.0	1325-1290
January	1255-1265	+32.5	1260-1240
March	1211-1216	+33.5	1211-1180
May	1155-1165	+32.5	1165-1145
July	1136-1165	+40.0	—

Sales: 3,773 (2,919) lots of 5 tonnes.

ICO Indicator prices for July 3 (U.S. cents per pound): Colombian Mild Arabicas 187.50 (188.00); unwashed Arabicas 165.00 (170.00); other mild Arabicas 156.00 (158.33); Robustas 137.50 (138.00). Daily average 148.75 (148.42).

ARABICAS—No trades. Close: Aug. 164.00-170.00, Oct. 155.00-162.00, Dec. 143.00-147.00, Feb. 140.00-145.00, April 135.0-140.00, June 128.00-138.00, Aug. 128.00-135.00. Sales: nil (4) lots of 17,250 kilos.

GRAINS

LONDON FUTURES (GAFTA)—Values opened 15-25 lower and nervous liquidation set the day, Acli reported. A succession of stops were hit during the day as country markets showed good losses with merchant selling the feature. By the close, despite good commercial short-covering, Wheat values had lost 60-70 points, while Barley was generally in demand at the closing levels of 35-40 lower.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	83.20	—0.70	78.20	—0.40
Nov.	86.05	—0.65	81.00	—0.35
Jan.	88.75	—0.60	83.70	—0.35
Mar.	91.35	—0.65	86.35	—0.35
May	94.05	—0.60	88.9	—0.35

Business done—Wheat: Sept. 83.60-83.20, Nov. 86.55-85.95, Jan. 89.15-88.65, March 91.70-91.35, May 94.35-94.30. Sales: 264 lots. Barley: Sept. 78.35-78.20, Nov. 81.20-80.95, Jan. 83.80-83.65, March 86.45-86.40, May untraded. Sales: 141 lots.

IMPORTED—Wheat: CWRS No. 1 13½ per cent July and August 93.00, Tilbury. U.S. Dark Northern Spring No. 2 14 per cent July 90.50, August 90.75, Sept. 91.50, transhipment East Coast. Other grades unquoted.

Maize: U.S./French July 103.25, August 99.00, Sept. 100.50, transhipment East Coast. South African White Sept. 73.00, Liverpool. South African Yellow Sept. 72.50, Liverpool.

Barley, Sorghum, Oats: Unquoted.

HGCA—Location ex-farm spot prices for July 4. Feed barley: Humberside £80.00, Gloucester £80.00.

UK monetary co-efficient for the week from July 10 is expected to decrease to 1.371.

EEC IMPORT LEVIES: Effective for July 4 in order current levy plus Aug., Sept. and Oct. premiums (previous in brackets) in units of account per tonne. Common wheat—91.17, nil, nil, nil (same); Durum wheat—123.79, nil, nil, 0.73 (133.79, nil, nil, nil); Rye—59.64, nil, nil, nil (same); Barley—83.59, nil, nil, nil (83.69, nil, nil, nil); Oats—79.48, nil, nil, nil (same); Maize (other than hybrid for seeding)—80.98, nil, nil, nil (same); Millet—79.94, nil, nil, nil (same); Grain sorghum—84.27, nil, nil, nil (84.25, nil, nil, nil). Also for flours: Wheat or mixed wheat and rye—139.86 (139.86); Rye—137.71 (137.71).

COTTON

LIVERPOOL COTTON—No spot or shipment sales were recorded in Liverpool, leaving the total for the week so far at 48 tonnes. Users were deterred from entering into further engagements by doubts about future trends, F. W. Tattersall reported. Interest centred on small quantities of Latin-American and African styles.

SUGAR

LONDON DAILY PRICE (raw sugar) £91.00 (£93.00) a tonne cif for July-Aug. shipment. White sugar daily price was fixed at £101.00 (£104.00).

At the opening, prices were about 100 points below overnight levels, but they lifted somewhat during the morning. The trend was reversed during the afternoon, however, after sterling improved against the dollar. Final prices were the lows of the day, about 100 points below first traded levels, C. Czarnikow reported. In view of the New York holiday, there was no Kerb trading in London.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	90.50-90.60	92.95-93.10	92.75-90.40
Oct.	91.15-91.80	94.50-94.70	94.50-91.50
Dec.	94.70-94.75	97.25-97.5	97.00-94.50
March	101.45-101.55	104.25-04.30	104.00-01.40
May	104.15-04.50	107.20-07.25	105.75-04.50
Aug.	107.60-08.10	110.75-11.05	109.75-09.25
Oct.	112.00-12.01	114.50-14.61	114.50-12.70

Sales: 2,246 (1,648) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.55 (same) a tonne for home trade and £151.00 (£153.00) for export.

International Sugar Agreement: Price for July 3. U.S. cents per pound fob and stowed Caribbean port: Daily 6.90 (6.96); 15-day average 7.04 (7.08).

EEC IMPORT LEVIES: Effective today for denatured and non-denatured sugar, in units of account per 100 kilos (previous in brackets): White 28.03 (27.73); Raw 23.36 (22.99).

The rate for raws in both cases is for sugar basis 92 per cent.

SOYABEAN MEAL

The market opened steady, after better-than-expected U.S. weekly export inspections. In the absence of the Chicago market due to the holiday, prices traded within a narrow range and closed with gains of £1 to 10p, SNW Commodities reported.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
August	117.20-17.4	+0.55	117.50-16.50
October	118.50-18.7	+0.50	119.00-17.90
December	116.70-18.8	—0.25	117.20-16.50
February	117.00-18.0	—0.45	—
April	118.00-20.0	—0.35	—
June	119.00-22.0	—0.50	—
August	121.00-24.0	......	—

Sales: 46 (214) lots of 100 tonnes.

RUBBER

EASIER opening on the London physical market. Little throughout the day, closing on a slightly steadier note. Lewis and Peat reported a Malaysian godown price of 226 (229) cents a kilo nominal buyer.

No. 1 R.S.S.	Yesterday's Close	Previous close	Business done
Aug.	53.50-53.60	54.00-54.50	55.40-55.00
Sept.	54.15-54.60	54.50-55.60	54.60
Oct.-Dec.	55.80-55.85	57.00-57.25	56.80-55.50
Jan.-Mar.	57.55-58.00	59.10-59.15	59.15-57.60
Apr.-Jne.	59.70-59.80	60.85-60.95	60.95-59.35
Jly.-Sept.	61.55-61.45	62.25-62.50	61.00
Oct.-Dec.	63.10-63.20	64.00-64.05	64.15-62.95
Jan.-Mar.	64.70-64.75	65.65-65.70	65.65-64.50
Apr.-Jne.	66.45-66.50	67.25-67.00	66.40-66.00

Sales: 363 (409) lots of 15 tonnes and 43 (24) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 53.25p (54.0); Aug. 55.25p (56.0); Sept. 55.5p (56.25).

WOOL FUTURES

LONDON—The market was dull and featureless, Bache reported.

Australian Greasy Wool	Yesterd'y's Close	+ or —	Business Done
July	250.0-55.0	......	—
October	240.0-42.0	......	—
December	243.0-45.0	......	—
March	246.0-48.0	......	—
May	246.0-48.0	......	—
July	248.0-48.0	......	—
October	247.0-58.0	......	—
Dec.	248.0-52.0	......	—

Sales: nil (2) lots of 15,000 kilos.

SYDNEY GREASY—(In order buyer, seller, business, sales). Micron Contract: July 337.8, 339.0, 337.5-33.63, 30; Oct. 346.3, 347.2, 347.2-346.0, 34; Dec. 354.0, 354.4, 354.5-354.0, 6; March 359.8, 360.0, 360.0-359.5, 18; May 364.5, 364.8, 365.0-364.5, 4; July 367.5, 365.0, untraded; Oct. 370.0, 372.0, 370.0-369.2, 3; Dec. 372.5, 374.0, untraded. Total sales: 95 lots.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 56.0 to 58.0, Ulster hindquarters 71.0 to 73.0, forequarters 35.0 to 37.0. Eire hindquarters 70.0 to 73.0, forequarters 34.0 to 37.0.

Veal: Dutch hinds and ends 81.0 to 88.0.

Lamb: English small 60.0 to 62.0, medium 60.0 to 62.0, heavy 56.0 to 62.0. Imported frozen: NZ PL 54.0 to 55.0. PM 53.0 to 54.0.

Pork: English, under 100 lbs 37.0 to 44.0, 100-120 lbs 36.0 to 42.0, 120-160 lbs 35.0 to 41.0.

Rabbits (skinned): English tame 63.0 to 64.0; Chinese 41.0 to 43.0, Australian 36.0 to 39.0.

MEAT COMMISSION—Average fatstock prices at representative markets on July 4. GB—Cattle, 72.07p per kg lw (—0.34). UK—Sheep, 142.9p per kg est dcw (—0.5). GB—Pigs, 62.4p per kg lw (+1.1). England and Wales—Cattle numbers down 2.2 per cent, average price 71.54p (—0.71); Sheep down 21.2 per cent, average 143.0p (—0.3); Pigs down 3.9 per cent, average 62.3p (+1.2). Scotland—Cattle down 17.0 per cent, average 73.62p (+0.71); Sheep down 23.7 per cent, average 132.7p (—17.4); Pigs down 3.5 per cent, average 63.7p (no change).

COVENT GARDEN (prices in sterling per package unless stated)—Imported produce: Oranges—S. African: Navels 4.00-4.80; Brazilian: 4.20-4.50. Lemons—Italian: 100/120s new crop 4.00-4.60; Spania: trays 1.30-1.50, large boxes 3.50-4.40; S. African: 4.50-5.40. Grapefruit—S. African: 27/72 3.40-4.50; Jaffa: 20 kilos 4.50-4.60. Tangerines—Brazilian: Honey 4.30-4.40. Apples—French: Golden Delicious 20 lb 84s 3.00-3.60, 72s 3.20-3.60; W. Australian: Granny Smith 8.60. Tasmanian: Sturmer Pippins 8.60-9.00. Granny Smith 8.90. Croftons 9.50; S. African: Granny Smith 9.00. White Winter Pearmain 6.50, Starking Delicious 8.30, 8.50, Golden Delicious 8.30-8.60. Yorks 9.00-9.20; Chilean: Granny Smith 7.00-7.60; New Zealand: Sturmer Pippins 163 9.00, 175 9.00. Granny Smith 9.00; Italian: Rome Beauty per pound 0.16. Golden Delicious 0.16-0.17. Jonathans 0.15. Peaches—Spanish: trays 2.00-2.60; Italian: 14 trays 2.00-4.00; French: 1.60-2.80; Greek: 2.00-2.60. Pears—Victorian: 40 lb Josephines 12.00. Nectarines—Spanish: 2.00-3.00. Grapes—Israeli: Perlette 4.00; Cyprus: 12 lb Perlette 7.20, Cardinal 7.20; Spanish: Cardinal per pound 0.40. Plums—Spanish: 5 kilos Gaviota 2.60-3.00, Santa Rosa 1.50-2.40, Burbanks 1.50-2.40. Apricots—Spanish: 5 kilos 2.60-3.20. Bananas—Jamaican: per pound 0.15. Avocados—Kenya: Fuerte 14/24s 3.80-4.00; S. African: Fuerte 3.60-4.00. Capsicums—Dutch/French: per pound 0.30. Cherries—French: 0.70; Washington: 0.90. Onions—Canary: 2.50; Israeli: 3.40; Spanish: 2.80-3.50. Potatoes—Cypriot: 3.20; Brittany: 3.00; Jersey: 55 lb 2.40. Tomatoes—Dutch: 2.60-2.80; Guernsey: 2.60-2.80; Jersey: 2.60; French: 2.20. Carrots—French: Nets 2.30; Nantes 26-lb boxes 3.00; Italian: 2.80; Cypriot: 2.00-2.20. Beetroots—Cypriot: 28 lb 2.50. Courgettes—French: per pound 0.25.

English produce: Potatoes—per 56 lb 2.20-2.40. Lettuces—per 12 0.50, Cos 0.70, Webbs 0.60. Rhubarb—per pound, outdoor 0.06. Cucumbers—per tray 12/24s 0.90-1.20. Mushrooms—per pound 0.40-0.50. Apples—per pound Bramley's 0.10-0.20. Tomatoes—per 12 lb English 2.40-2.80. Greens—per crate, Kent 1.00. Cabbage 1.50-1.60. Celery—per 12/18s 2.80-3.50. Strawberries—per ½ lb 0.14-0.20. Cauliflowers—per 12 Lincoln 2.40-2.60. Broad beans—per pound 0.06-0.07. Peas—per pound 0.12-0.13. Cherries per pound Black 0.60, White 0.20-0.25. Gooseberries—per pound 0.22-0.24. Beetroots—per 28 lb 2.30. Carrots—per 28 lb 2.40-2.80.

*

GRIMSBY FISH—Supply good, demand good. Prices per stone (unprocessed) at ship's side: Shelf cod £3.50-£4.40, codlings £2.20-£3.20; large haddock £4.30, medium £3.70-£4.40, small £2.00-£2.60; large plaice £4.40-£4.50, medium £4.20-£4.50, best small £3.50-£4.20; medium skinned dogfish £5.50; large lemon soles £5.50, medium £4.50; saithe £2.50-£3.00.

CHINA PRODUCES MORE SUGAR

TOKYO, July 4.

China claims, although without reporting production figures, that its sugar production plan for 1977-78 has been "overfulfilled," with output reaching about 15 per cent above the previous year.

According to Peking's official Hsinhua News Agency, the cane-sugar provinces have all reported increases over the previous year, with Kwangtung up 22 per cent, Fukien up 30 per cent and Szechwan up 100 per cent.

AP-Dow Jones

PRICE CHANGES

Prices per tonne unless otherwise stated.

	July 4 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cts)	$1,050/40	......	$1020-50
Copper cash W. Bars	£693	—1.0	£759
3 months do. do.	£713.75	—0.5	£779.5
Cash Cathode	£689.5	—1.0	£753.75
3 months do. do.	£709.75	—0.75	£773.25
Gold Troy oz.	$184.875	+1.0	$181.375
Lead Cash	£306.5	+2.75	£321.75
3 months	£316.75	+2.5	£331.75
Nickel	£2,666		£2,666
Free Market (cif)(lb)	$1.80		$1.90
	1.94	—0.05	2.03
Platinum troy oz.	£129.5		£122
Free Market	£139.25	—0.1	£130.25
Quicksilver (76lb.)	$125/30		$127-32
Silver troy oz.	283.25p	+0.15	291.25
3 months	290.65p	+0.55	298.75
Tin Cash	£6,570	+65.0	£6,750
3 months	£6,495	+52.5	£6,615
Wolfram 22.04lb cif	$132 36		$129-34
Zinc cash	£307.25	+2.5	£334
3 months	£317.125	+2.375	£343.25
Producers	[illegible]		[illegible]
Oils			
Coconut (Phil)	$660p	......	$655
Groundnut	£698	—6.0	£744
Linseed Crude (v)	£346	—5.0	£365
Palm Malayan	$650x	—2.0	$608
Seeds			
Copra Phillip	$465p	—5.0	$440
Soyabean (U.S.)	$274.5	—1.5	$291
Grains			
Barley EEC	‡		‡
Home Futures	£81	—0.35	£82.95
Maize			
French No. 3 Am	£105.25	—0.25	£105.25
Wheat			
No. 1 Red Spring	£92p	......	£97
No. 2 Hard Winter	‡		
English Milling	£105	......	£104.5
Cocoa Shipment	£1,876	—19.0	£1,732
Future Sept.	£1,798.5	—21.5	£1,637
Coffee Future Sept.	£1,598.5	+16.0	£1,767
Cotton 'A' Index	70.9c	—0.55	70.55c
Rubber kilo	53.25p	—0.75	57.25p
Sugar (Raw)	£91	—2.0	£104
Wooltops 64s kilo	265p	......	[illegible]

* Nominal. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. v August-Sept. x Per ton.

FINANCIAL TIMES

July 4	July 3	Month ago	Year ago
240.5	240.16	251.77	249.46

(Base: July 1, 1952=100)

REUTER'S

July 4	July 3	Month ago	Year ago
1458.6	1468.9	1517.7	1565.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 4	July 3	Month Ago	Year ago
Spot	(e)	359.09	359.23	(e)
Futures	(e)	345.87	357.48	(e)

(Average 1924-25-26=100)

MOODY'S

Moody's	July (4)	July 3	Month ago	Year ago
Sple Commty	(e)	920.9	925.5	(e)

(December 31, 1931=100)

CANADIAN MARKETS

WINNIPEG, July 4.

‡‡Rye—July 100.90 bid (100.30 bid), Oct. 100.90 bid (99.80-100.00), Nov. 96.90 bid, Dec. 99.60 bid, May 98.00.

††Oats—July 72.10 bid (71.40 bid), Oct. 72.00 bid (70.90), Dec. 71.90 bid, March 72.10 bid, May 73.50.

‡‡Barley—July 74.40 (73.50 bid), Oct. 74.10 (72.50 bid), Dec. 74.00 bid, March 74.00 bid, May 74.70 nom.

§§Flaxseed—July 239.90 bid (233.70 bid), Oct. 235.00 (240.20 asked), Nov. 236.50 bid, Dec. 232.00 bid, May 238.80 asked.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 161.60 (161.55).

†† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

EEC grants for British food projects

By Our Commodies Staff

EEC GRANTS worth £3.3m will be paid to UK farmers and food processors under the current round of the European Agricultural Guidance and Guarantee Fund scheme, the Ministry of Agriculture announced yesterday.

Of the 39 successful UK applicants for assistance from the fund, 13 are in red meat processing and slaughtering eight in the dairy industry six in poultry processing, five in fruit and vegetables, three in fish processing, two in animal feedingstuffs, one in seed processing and one in grain drying and storage.

This round of grants covers applications received by October 1, 1977. Those not granted this time because of lack of funds will automatically be reconsidered, together with those applications received by February 28, 1978, in the round of decisions to be announced by December 31 this year.

Applications for the following round must be received by October 31, 1978. The result will be announced by June 30, 1979.

The £3.3m granted to UK applicants is part of a £20m EEC package.

U.S. commodity markets were closed yesterday for the Independence Day holiday.

Australian wool chief assesses sale prospects

MELBOURNE, July 4.

A REASONABLE wool-selling season was forecast here today by Mr. Alf Maiden, chairman of the Australian Wool Corporation.

Launching details of the 1978-1979 "floor" prices for the Australian auctions, he said that he would not describe the corporation as being "bullish" in its assessment, however.

Mr. Maiden said that Japan's commitment to a 7 per cent economic growth rate should improve its demand for wool and mean that it bought at least as much as in the previous season.

In Western Europe, with the exception of France, conditions were quite good. The U.S. again showed an increase in purchases in the last year and it continued to look as though Eastern Europe would be a major customer.

It appeared that there would again be a considerable rundown in corporation stocks. During the coming season demand was expected to continue being strongest for carding wools.

Mr. Maiden pointed out while the minimum floor prices for all wools were to be raised for the 1978-79 season, the rises varied from 14.7 per cent for crossbred carding types to 2.3 per cent for 19 micron fleece and skirtings.

PERSONAL

STOCK EXCHANGE REPORT

Miners' pay vote adds to stock market uncertainty

Gilts and equities down—30-share index falls 5.0 to 453.1

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The prospect of growing opposition to the Government's attitude on pay in the next round following the National Union of Mineworkers' vote for a 40 per cent. increase added to the many uncertainties currently weighing on stock markets. Leading equities fell throughout and closed only marginally above the lowest, while Gilt-edged securities also came under pressure.

In the latter sector, the shorter maturities sustained several bouts of selling which gave rise to speculation about possible financial trouble for some. But the more predominant view was that trading positions were being cut and losses accepted because of the uncertain outlook for interest rates and on the economic and political fronts.

The last-named factors had earlier influenced revived small offerings of equities from confused public investors and, with institutional operators remaining in a state of inactivity, a progressive decline followed. The FT Industrial Ordinary share index, a mere 0.9 easier at the first calculation, was 5.3 off at 3 pm and ended a net 5 points down at 453.1.

Activity increased with official markings rising to 4,890 as against the previous day's total of only 3,817, the lowest of the year, while *falls were in a majority over rises* in FT-quoted industrials by three-to-one. The FT-Actuaries All-share index lost 0.7 per cent. to 208.45.

Short-dated British Funds suffered the brunt of sizeable selling and fears were aroused that it could represent financial difficulties to some operators who had taken a favourable view of the market's prospects immediately after the Chancellor's financial measures on June 8. Since June 12, the FT Government Securities index has fallen from 70.79 to under 69.0 at one stage and shows little positive sign of rallying. Closing losses yesterday extended to ½ among the shorts and the easier trend continued after the official close of business. The longer maturities remained quiet but were sympathetically affected and generally lost ¼.

The day in the investment *currency market contained little* of note and the premium drifted slightly lower to 112½ per cent. Yesterday's SE conversion factor was 0.6551 (0.6557).

Interest in Traded Options broadened considerably yesterday as reflected in the amount of contracts done which amounted to 518 compared with 260 on Monday. *A lively trade developed in GEC, with 123 contracts trans*acted ahead of tomorrow's annual results. Grand Metropolitan followed with a total of 141 trades. Among the noteworthy rate movements, ICI July 330 fell 5 to 38 *with the October 330 4 down* at 47p.

Banks drift lower

Continuing lack of support and occasional selling prompted a further downward drift in the Banking sector. Falls of around 5 in the major clearers included Lloyds 250p, Midland 335p, and NatWest 252p. *Elsewhere*, Hambros, down 3 further at 160p, remained an unsettled market awaiting the outcome of the negotiations on the Reksten loan. *Discounts* were inclined easier, with Alexanders falling 5 further to 232p on the disappointing half-yearly statement.

Quietly dull conditions persisted in Insurances. Losses were usually modest, but Royal were noteworthy for a fall of 6 at 347p along with Sedgwick Forbes, 8 cheaper at 397p.

Breweries gave up more ground *in light trading, while persistent* small selling in front of the figures, expected shortly, clipped 6 more from H. P. Bulmer at a 1978 low of 122p.

In quietly firm Buildings, dividend considerations prompted small buying of selected secondary issues G. H. Downing, for instance, firmed 3 to 218p *despite lower profits.* Marshall's (Halifax) firmed 6 to 107p for a two-day rise of 10 in response to the improved annual results and, similarly, Bambergers added a penny to 49p. Constructions contained a couple of noteworthy *dull spots*, Richard Costain easing 5 to 182p on small offerings and A. Monk cheapening 4 to 89p, the latter in a belated reaction to the annual results. On the other hand, occasional speculative interest left Norwest Holst 3 higher at 101p. Elsewhere, Econa returned from suspension at 90p *following the announcement of an* agreed offer worth 98p per share from Newman Tonks and the close was a penny higher at 91p after initial support to 94p.

ICI remained a dull market on lack of investment interest and eased 5 to 365p. Elsewhere, Blagdan and Noakes edged 4 higher to 246p and Stewart *Plastics added the same amount* to 150p, after 152p, on revived speculative interest.

Caledonian Associated Cinemas rose 20 to 405p in a thin market *following* the better-than-expected annual results.

H. Wigfall wanted

H. Wigfall, up 15 at 225p, provided an isolated bright feature in otherwise dull Electricals, on revived speculative interest in anticipation of results which are due soon. Dale Electric contrasted with a fall of 7 to 155p on disappointment with the second interim dividend payment, while small selling ahead of trading statements due later in the week left GEC 3 easier at 264p *and Thorn Electrical 2 off at 314p.*

Store leaders passed another rather subdued session. Further scattered selling left Gussies "A" 4 cheaper at 270p. Secondary *issues tended to follow in the* wake of the leaders but, against the trend, Bentalls were favoured and put on 2 to 35p.

The Engineering majors ended the day a few pence above the worst. Further profit-taking left its mark on John Brown which fell away to 380p before settling at 382p for a loss of 8 on balance. Hawker Siddeley finished 4 cheaper at 206p, after 204p, and Tubes a similar amount lower at 338p, after 336p. Among secondary issues, doubled annual *profits failed to benefit* Tex Abrasives, 3 lower at 60p. Against the trend, favourable Press mention prompted a rise of 10 to 174p in Edbro Holdings, while Adwest were supported at 238p, up 4, and Ricardo came to life with a rise of 5 to 173p. Habit Precision held steady at 30p in front of today's interim results.

Geo. Bassett featured lacklustre foods, falling 13 to a 1978 low of 120p on disappointment with the preliminary figures. Rowntree Mackintosh shed 10 to 400p. J. Lyons, *however, edged forward* 2 to 78p following Press comment on the full report.

Bath and Portland ease

Light selling and lack of support took the Miscellaneous Industrial leaders to lower levels. Pilkington remained on offer and gave up 6 further to 528p, while fresh profit-taking left Boots 5 lower at 200p. Turner and Newall eased 4 to 170p and Glaxo 3 to 555p, while Reed International closed a penny cheaper at 128p after the chairman's annual statement. Against the trend, Beecham finished 3 to the good at 643p, after 638p, following the full report. Elsewhere, Bath and Portland, 3 cheaper at 75p, reflected *disappointment* with the interim results. Boosey and Hawkes reacted 9 to 163p in a difficult market along with Hunting Associated, down 7 at 198p. The forecast of a substantial recovery in pre-tax profits during the current year, which accompanied the annual results, failed to help Rexmore, down 1½ at 57p. Among the occasional bright spots, *Vinten put on 5 to 121p*, while Whitecroft, 206p, Toye, 70p, and Burco Dean, 72p, all improved 4.

Motors and Distributors made a drab showing on small selling and lack of buyers. Lucas *Industries stood out at 295p, down* 7, while losses of 3 were seen in Plaxtons (Scarborough), 77p, and *Dunlop, 72p. Kwik-Fit attracted* renewed interest and rose 2½ more to a 1978 peak of 50p, while other firm spots included Charles Hurst, 3 up at 76p, and Harold Perry, 4 better at 99p.

Lethargic Newspapers drifted easier in extremely small trade. Thomson shed 5 to 260p and Associated 3 to 167p, the latter *in further consideration of the* results. Bristol Evening Post hardened a penny to 123p on the improved figures. After the previous day's rise of 6, Wace Group were *suspended at 58p pending* an announcement of the acquisition of a private company with similar business interests. Websters Publications firmed 2 more to 52p on continued speculative interest.

Leading Properties retreated on lack of buyers with Land Securities, 202p, and English, 42p, both *a couple of pence easier. Selected* secondary issues remained sensitive to the occasional small seller; Great Portland shed 4 to 274p, while Property Holding and Investment lost 8 to 282p and Hammerson "A" 7 to 553p. Recent bid favourite *Bellway Holdings* eased 2 to 66p but, in contrast, modest demand lifted Centrovincial Estates 3 to 63p.

Early modest falls in Oils were erased *in a late rally which left* British Petroleum a net 4 higher at 834p and Shell a couple of pence to the good at 550p. In contrast, North Sea speculative counters, Oil Exploration, 218p, and Siebens (UK), 330p, eased 6 and 14 respectively.

Inchcape, 5 better at 415p, provided the sole noteworthy movement in Overseas Traders on small buying in anticipation of preliminary results due on July 27.

Investment Trusts remained neglected and price movements were usually limited to a penny or two in either direction. Winterbottom edged forward 2½ to a 1978 peak of 197½p on the first-half profits increase, while small buying raised Brycourt 3 to 75p. *In Financials*, Yule Catto figured prominently with a jump of 8 to 88p on renewed speculative demand in a restricted market. Fitzroy Investment hardened 2 to 18p, while interest was also shown in Challenge Corporation, 4 better at 145p, and Pretaball Sicomi, 5 points up at £68.

Although trade remained at a low ebb, Shippings were flat. Ocean Transport reacted 4 to a 1978 *low* of 105p, while P & O Commonwealth, 276p, shed 2 apiece. Furness Withy were also on offer at 224p, down 4.

Press comment directed attention to William Pickles, the ordinary and "A" both closing a penny harder at 15p and 11p respectively. Shiloh Spinners remained popular and rose 3 to 33p for a two-day improvement of 5. Imps typified conditions in Tobaccos, finishing unchanged at 76p following a *light* trade.

In generally firm South African industrials, Anglo Transvaal Industries put on 20 to 120p and Unisec 3 to a 1978 peak of 71p.

Proceedings in Rubbers were once again dominated by the performance of Guthrie which jumped 18 to 330p on revived speculative support. Highlands advanced 16 to 135p on rumours of a forthcoming scrip issue, while other firm spots included RME, 3 up at 113p, and Kuala Lumpur Kepong, 5 to the good at 82p.

Golds improve

The continuing weakness of the dollar prompted an improvement of $1 in the bullion price to $187¼ per ounce in front of today's International Monetary Fund gold auction and enabled South African Golds to recoup around half of their losses over the previous two trading days.

Turnover in Golds, however, remained at a very low level reflecting the absence of any U.S. interest because of the closure of transatlantic markets for Independence Day.

Nevertheless, a modest Cape and London demand was sufficient to lift prices of heavyweights by up to ¾ as in Randfontein, £29¼, while Western Holdings put on ½ to £19½ and Free State Geduld ½ to £16½. St. Helena rose 27 to a 1978 high of 897p.

South African Financials became a shade firmer overall in line with Gold. Rises ranging from 2 to 5 were common to Anglo American Corporation, 326p, Union Corporation, 240p and De Beers, 393p. Platinums continued to respond to a broker's recently issued bullish circular.

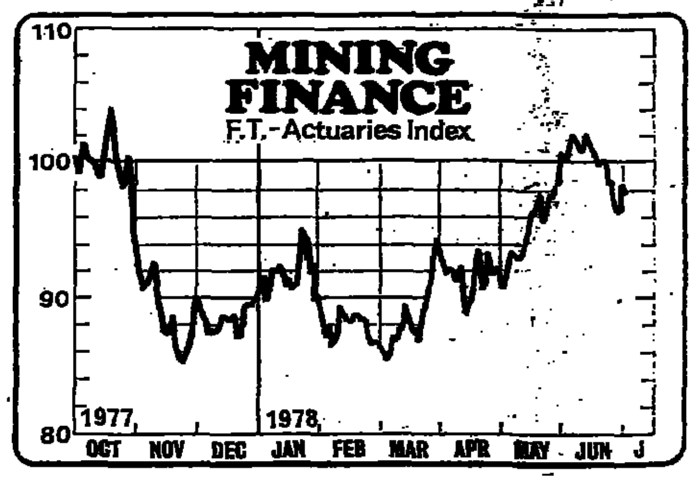
An uncertain trend in overnight Sydney and Melbourne markets was followed by small profit-taking *in London and prices consequently* lost ground.

Northern Mining were notably weak, dropping 10 to 94p. Base-metal producers drifted in subdued trading with Western Mining 4 cheaper at 150p. BH South and North Broken Hill both 3 easier at 114p and 128p respectively and Metals Exploration 2 off at 30p.

Hampton Areas were finally a penny lower at 137p, after touching a 1978 high of 140p immediately following the results and news of the Wultex acquisition.

On the other hand, Pancontinental added ½ more to £13½ and Southern Pacific Petroleum a further 10 to 230p, still on consideration of the Australian Government's decision not to impose a resources tax on profits from oil and uranium mining.

Elsewhere, Tara, at 950p, recouped 50 of the previous day's 175p fall which followed adverse Press comment, while Beralt Tin were unaltered at 53p following the Portuguese acquisition.



OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7

For rate indications see end of Share Information Service

Money was given for the call in GEC, Burmah Oil, Thomson Organisation, Town and City Properties, D. McPherson, Lex Service, Premier Consolidated Oil, English Property, Lonrho, Endeavour Oil, Centreway and Hanger Investments, while doubles were arranged in Spillers and Royco. A short-dated call and double were transacted in GEC.

FINANCIAL TIMES STOCK INDICES

	July 4	July 3	June 30	June 29	June 28	June 27	A year ago
Government Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial Ordinary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings Y'ld% (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dealings marked	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

HIGHS AND LOWS

S.E. ACTIVITY

	1978 High	1978 Low	Since Compilation High	Since Compilation Low		July 4	July 3
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt-Edged	163.9	167.0
					Industries	170.5	129.1
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)	Speculative	35.1	37.0
					Totals	111.5	[illegible]
Ind. Ord.	497.5 (4/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)	5-day Av'rage Gilt-Edged	148.6	149.5
					Industrials	144.7	139.5
Gold Mines	168.6 (8/6)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)	Speculative	36.1	[illegible]
					Totals	97.4	95.4

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	834	+ 4	892	720
Grand Met.	50p	10	101½	− 1½	117½	87
Barclays Bank	£1	9	307	− 5	358	296
Burmah Oil	£1	9	60	− 1	72	42
BATs Defd.	25p	8	283	− 5	296	227
Boots	25p	8	200	− 5	231	184
Dale Elect.	10p	8	155	− 7	162	128
ICI	£1	8	365	− 5	396	328
Shell Transport	25p	8	550	+ 2	598	484
Unilever	25p	8	512	− 4	548	476
Bassett (G.)	25p	7	120	−13	157	124
Courtaulds	25p	7	110	− 2	131	109
Guthrie Corp.	£1	7	330	+18	330	211
HK & Sh'ghai Bk.	$HK2.50	7	326	− 4	330	283
Tate & Lyle	£1	7	170	− 2	218	166

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	86	—	105	5	124	—	839p
BP	800	38	—	65	5	87	—	"
BP	850	6	1	31	—	57	—	"
BP	900	1	7	17½	—	38	—	"
Com. Union	140	4½	18	10½	8	15	3	140p
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	

STOCK EXCHANGE BUSINESS IN JUNE

Turnover rises by 51%

BUSINESS IN stock markets recovered last month to become the highest since last October because of greater trade in Government securities. Overall turnover rose by £5.1bn, or 51 per cent, to £15.2bn.

The total number of bargains transacted fell from May's 483,131 to 456,129, despite the fact that there was one more trading day in June.

The FT Stock Exchange turnover index rose from 308.1 in May to 465.3 as against last year's monthly average of 442.6.

Business in gilt-edged securities *jumped sharply from £8.17bn to* £12.16bn, an eight-month high. Trade in short-dated stocks expanded by 75 per cent—from £4.09bn in May to £7.17bn—while longer dates and irredeemables recorded a 62 per cent improvement from £3.08bn to £4.99bn.

The number of bargains done in British Funds rose in June by 7,356 to 65,979, with deals in the shorts up by 1,369 to 23,611 and those in other stocks rising 5,987 to 42,368.

Big increases were also recorded in the average value per bargain in both gilt sectors. Deals in the shorts averaged out at £303,625 (£183,990) and those in other stocks at £117,891 (£84,579).

The FT turnover index for British Funds rose from May's *10-month low of 345.8 to 514.8* —the highest figure since last October's 611.3, against last year's monthly average of 478.8.

Increased demand for the *funds followed* Mr. Healey's June 8 financial package in which the raising of minimum lending rate by 1 per cent to 10 per cent was accompanied by other credit-tightening measures which broke the previous deadlock in the gilt-edged market caused by institutional investors holding off because of inflationary and interest rate worries.

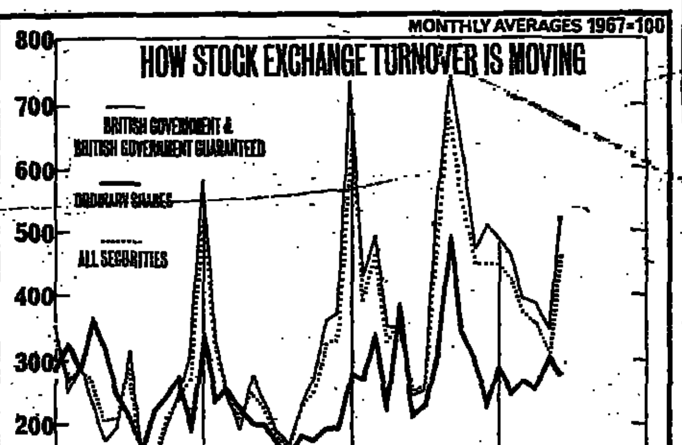
The FT Government Securities index reflected general concern in the early part of the month by registering its 1978 low of 68.79 on June 5. Subsequently it touched 70.79, then drifted off to end the month a net 0.61 off at 69.52.

Equity shares were overshadowed by events in the gilt-*edged market. In marked con*trast to the increased business in the latter, trade in ordinary shares fell from £1.72bn in May to £1.55bn. The number of bargains in equities showed a decrease on the month of 24,279 to 344,702, while the average volume per bargain eased from £4,660 to £4,505.

The FT turnover index for ordinary shares fell to 277.1, which compares with May's 306.8 and the 1977 monthly average of 299.9.

Equity shares were drifting *lower for most of the month,* with sentiment disturbed by political uncertainties and by gloomy economic forecasts. No real selling pressure developed, but there was some liquidation by small public investors in order to finance purchases of the £1.8bn of new Government tap stocks.

The FT Industrial Ordinary share index during the month moved towards the lower end of its 1978 range by falling from its end-May 478.8 to 452.7 on June 22. A subsequent rally *left it a* net 18 points down on the month at 460.8 with sentiment in the later stages helped by hopes that statutory dividend controls might be replaced by some form of voluntary restraint.



Category	Value of all purchases and sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. guaranteed:							
Short dated (having five years or less to run)	7,168.9	47.2	23,611	5.2	325.9	303,625	1,073
Others	4,994.8	32.9	42,368	9.3	227.0	117,891	1,926
Irish Government:							
Short dated (having five years or less to run)	552.8	3.6	1,585	0.3	25.1	348,751	72
Others	393.8	2.6	2,949	0.6	17.9	133,524	134
UK local authority	352.3	2.3	9,934	2.2	16.0	35,470	452
Overseas Government provincial and municipal	10.7	0.1	1,965	0.4	0.5	5,427	89
Fixed interest stock preference and preferred ordinary shares	158.3	1.1	29,015	6.4	7.2	5,456	1,319
Ordinary shares	1,552.9	10.2	344,702	75.6	70.6	4,505	15,668
TOTAL	15,184.5	100.0	456,129	100.0	690.2*	33,290*	20,733*

* Average of all securities.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (49)

AMERICANS (1)
Int. Systems & Controls

BUILDINGS (4)
Burnett & Hallamshire Marshalls (Halifax)
Econa

DRAPERY & STORES (3)
Bakers Stores
Bentalls
Dewhirst

ENGINEERING (1)
Edbro

INDUSTRIALS (4)
Christies Intl.
Dufay Bitumastic

MOTORS (1)
Kwik-Fit

NEWSPAPERS (1)
Websters Publications

PAPER (1)

SHOES (1)
Maher-Walker

TEXTILES (4)
Headlam, Sims
Anglo Amer. Inds.
S.A. Brews
Pickles (W.)
Sekers Intl.

TRUSTS (13)
Berry Trust
Crescent Japan
Equity Consort Defd.
Estate Duties
G.T. Japan

OILS (1)
Cie. Fr. Petroles

RUBBERS (3)
Guthrie
Harrisons Malay. Ests.
Highlands

TEAS (1)
Longbourne

MINES (4)
E.R.G.O.
St. Helena
Hampton Areas

NEW LOWS (40)

BRITISH FUNDS (9)
Treas. 11½pc 1979
Treas. 9pc 1980
Treas. 9½pc 1980
Exch. 12½pc 1981
Treas. 12pc 1983
Treas. 3pc 1982

BANKS (2)
Bk. Leumi (UK)
Wagon Finance

BEERS (1)
Bulmer (H. P.)

CINEMAS (1)
Rediffusion TV Pref.

ELECTRICALS (2)
Thorn Elect.
Ward & Goldstein

ENGINEERING (5)

FOODS (2)

INDUSTRIALS (4)

INSURANCE (3)

PROPERTY (1)

SHIPPING (3)

SHOES (1)

TEXTILES (1)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
75	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Eurotherm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
154	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
45	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., July 4, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net)	Mon. July 3 Index No.	Fri. June 30 Index No.	Thur. June 29 Index No.	Wed. June 28 Index No.	Year ago Index No.
1 CAPITAL GOODS (172)	208.64	−0.8	18.21	5.80	7.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (673)	208.45	−0.7	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Tues. July 4	Day's change %	xd adj. To-day	xd adj. 1978 to date
1 Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.		Tues. July 4	Mon. July 3
1 Low Coupons	5 years	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]
4 Medium Coupons	5 years	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]
7 High Coupons	5 years	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]

	Tuesday, July 4 Index No.	Yield %	Mon. July 3	Friday June 30	Thurs. June 29	Wed. June 28	Tues. June 27	Mon. June 26	Friday June 23
15 20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY, BONDS

Eagle Star Insur/Midland Ass.

1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	50.3	52.2	-0.4	6.27

Equity & Law Life Ass. Soc. Ltd.♥

Amersham Road, High Wycombe 0494 33377

Equity Fd.	110.6	116.4	.....	—
Property Fd.	106.4	112.0	+0.1	—
Fixed Interest F.	106.5	112.1	-0.4	—
Gtd. Deposit Fd.	99.1	104.3	+0.1	—
Mixed Fd.	109.2	114.9	.....	—

NEL Pensions Ltd.

Milton Court, Dorking, Surrey. 5011

Nelex Eq. Cap.	78.1	82.2	.....	—
Nelex Eq. Accum.	110.0	115.7	-0.2	—
Nelex Money Cap.	61.8	65.0	.....	—
Nelex Mon. Acc.	65.5	69.0	.....	—
Nelex Gth Inc Cap.	47.6	50.1	.....	—
Nelex Gth Inc Acc.	48.6	51.1	.....	—
Nel Mxd. Fd. Cap.	47.6	50.1	.....	—
Nel Mxd. Fd. Acc.	48.6	51.1	.....	—

Next Sub. day July 25.

For New Court Property see under Rothschild Asset Management

BUILDING SOCIETY INTEREST RATES

REENWICH

(01-858 8212)
281 Greenwich High Road,
Greenwich, SE10 8NL.

*Deposit Rate 6.45%. Share Accounts 8.60%. Sub'pn. Shares 7.95%. Term Shares 2 yrs. 1% above share rate, 3 yrs. 1½% above share rate. Interest paid Quarterly on shares-term shares. Monthly Income shares 6.80%.

LONDON GOLDHAWK

(01-995 8321)
15 17 Chiswick High Road,
London W4 2NG.

Deposit Rate 6.45, Share Accounts 6.95, Sub'pn. Shares 8.20.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Keyselex Mngt., Jersey Ltd.

PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs148	158	.....	2.60
Bondselex	Frs118.10	124.70	-0.30	—
Keyselex Int'l.	£6.79	7.64	+0.21	—
Keyselex Europe	£3.91	4.41	.....	3.74
Japan Gth. Fund	$US26.10	28.07	.....	—
Keyselex Japan	£13.59	14.87	.....	—
Cent. Assets Cap.		£134.19	+0.04	.....

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67	.....	—
CMT Ltd. June 29	£12.77	13.10	.....	—
Metals Tst. June 15	£12.17	12.47	.....	—
TMT June 8	$US10.57	10.85	.....	—
TMT Ltd. June 8	£10.68	10.96	.....	—

World Wide Growth Managementφ

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US15.09	+0.06	—

NOTES

Prices do not include $ premium, except where indicated φ, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU - Tel: 01-283 1101
Index Guide as at 4th July, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	128.05
Clive Fixed Interest Income	114.14

CORAL INDEX: Close 450-455

INSURANCE BASE RATES

† Property Growth	9¾%
† Vanbrugh Guaranteed	9.50%

† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 52¾% (based on US$1.8683 per £)
Conversion factor 0.6551 (0.6557)

CANADIANS

S.E. List Premium 30¾% (based on $2.0974 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

For Vernon Fashion see Bambers

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

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Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh 50c	180	...	Q50c	1.3	23.7
24	15	Rhod'n Corp 16½p	16	−½	0.56	7.1	5.3
80	52	Roan Cons. K4	70	...	—	—	
175	122	Tanganyika 50p	152		Q20.0	1.2	6.6
90	78	Do. Pref. 80p	87		Q9%	16.3	8.3
41	32	Wankie Col. Rhd.	35	...	Q7½c	1.4	13.5
16½	10	Zam Cpr SBD0.24	14½	+½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	14		—	—	—
132	64	Bougainville 50 Toea	117	−2	Q8c	1.4	4.3
125	63	BH South 50c	114	−3	—	—	
820	150	Central Pacific	600				
245	148	Conzinc Riotinto	235	−1	Q10c	2.2	2.6
72	48	GM Kalgoorlie $1	52				
140	81	Hampton Areas 5p	137	−1	13.5	ϕ	3.9
40	10	Metals Ex. 50c	30	−2			
220	125	MIM Hldgs. 50c	199	−2	Q9c	1.7	2.8
39	10	Mount Lyell 25c	30		—		
6½	1½	Newmetal 10c	4	−½			
143	79	North B. Hill 50c	123	−3	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	14				
178	117	Oakbridge $A1	166		tQ11c	1.9	4.1
50	30	Pacific Copper	45	−1	—	—	—
£14¼	750	Pancont'l 25c	£13½	+½	—	—	—
40	12	Paringa M&Ex 5p	38	−2	—		
558	310	Peko-Wallsend 50c	520	+2	Q15c	4.0	1.8
300	50	Southern Pacific	230	+10			
160	84	Western Mining 50c	150	−4	tQ6c	1.4	‡
70	35	Whim Creek 20c	50	...	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	25		12.51	1.6	15.7
360	240	Ayer Hitam $M1	380		[illegible]	0.9	‡
60	45	Beralt Tin	53		3.75	4.4	11.2
295	200	Berjuntai $M1	290		tQ110c	ϕ	‡
145	111	Geevor	135		14.51	3.4	5.1
10	8½	Gold & Base 12½p	9½				
295	220	Gopeng Cons.	295		15.0	0.9	7.8
165	130	Hongkong	160				
93	78	Idris 10p	85		12.0	1.6	22.6
11	10	Jantar 12½p	10		—	—	—
77	68	Kamunting $M0.50	77	+1	tQ15c	0.7	4.3
510	450	Killinghall	490		Q125	ϕ	27.4
410	280	Malay Dredging $M1	410	+5	tQ95c	0.8	5.0
71	40	Pahang	71	+2	tQ3.75c	0.5	‡
62	50	Pengkalen 10p	61		6.5	1.3	16.1
225	165	Petaling $M1	225	+10	tQ90c	1.6	8.2
61	49	Saint Piran	49	.....	2.99	4.6	6.2
61	47	South Crofty 10p	59	....	4.15	ϕ	11.1
220	140	South Kinta $M0.50	210	..	tQ77.5c	1.4	8.0
315	230	Sthn Malayan $M1	315	+5	tQ125c	1.1	9.0
228	134	Sungei Besi $M1	228xd	...	Q65c	ϕ	6.1
78	55	Supreme Corp. $M1	78	..	ZQ10c	—	3.8
100	85	Tanjong 15p	92		6.5	0.8	10.7
100	74	Tongkah Hbr. $M1	92		[illegible]	1.6	‡
225	148	Tronoh $M1	225	+5	ZQ88c	1.6	8.4

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	87	..	tQ30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
61	35	Burymin	55	..	—	—	—
17	9	Burma Mines 17½p.	14		—	—	—
300	220	Cons. Murch. 10c	270		tQ30c	2.6	‡
465	245	Northgate C$1	400	−10	—	—	—
234	164	R.T.Z.	215	−2	9.5	2.8	6.7
90	30	Sabina Inds. C$1	62		—	—	—
£12	750	Tara Expln. $1	950	+50	—	—	—
45	43	Tehidy Minerals 10p	43	...	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	169	.....	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 26

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	
Ash Spinning	45	
Bertam	21	
Bdgwtr. Est. 50p	267	
Clover Croft	26	
Craig & Rose £1	475	
Dyson (R. A.) A	37	....
Ellis & McHdy.	61	....
Evered	17½	..
Fife Forge	50	
Finlay Pkg. 5p	23½	
Graig Ship. £1	140	
Higsons Brew	73	−2
I.O.M. Stm. £1	150	
Holt (Jos.) 25p	258	−5
Nthn. Goldsmith	55	−2
Pearce (C. H.)	165	
Peel Mills	20	
Sheffield Brick	45	....
Sheff. Refrshmt.	52	..
Sindall (Wm.)	103	....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£90¼	−¼
Alliance Gas	70	
Arnott	337	
Carroll (P. J.)	95	
Clondalkin	96	
Concrete Prods.	132	
Heiton (Hldgs.)	40	
Ins. Corp.	148	.....
Irish Ropes	130	...
Jacob	64	....
Sunbeam	30	
T.M.G.	175	
Unidare	90	....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	26
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Prop.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P&O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Siddl.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday July 5 1978

Miners vote to press for £110 a week

BY CHRISTIAN TYLER, LABOUR EDITOR

INFORMAL EFFORTS by the TUC and Government to restrain pay demands this winter, now intensifying as Phase Three of the Government's pay policy runs out were rudely rebuffed by the miners yesterday.

The National Union of Mineworkers delegate conference in Torquay decided to go for a 40 per cent pay rise, giving coal face workers £110 a week, a claim which the National Coal Board estimated would cost £480m a year if conceded, adding £4 to the average pithead price of coal of £22 a tonne.

The claim is more serious than the £135 a week adopted by the conference last year since that was seen—and still is—as a longer term target.

Polite attention

Later the conference gave polite attention to Mr. Len Murray, TUC general secretary, whose mission it was to urge the miners to toe the passive and somewhat ambiguous line that the TUC is taking with the Government on the future of pay bargaining.

Voluntary collective bargaining was not a licence to grab for strong unions at the expense of others or of the country as a whole, said Mr. Murray.

But he made it clear that the TUC would not wear suggestions from the Conservatives and the Confederation of British Industry for a Parliamentary select committee or "any other devices or contrivances" to monitor pay.

He did not see the TUC or Government agreeing on figures for pay this month. But he said: "I do see a case, and a very strong case, for the Government to be well informed of the movement's approach to the problems of pay and to reach a good understanding with the unions about pay in the context of the other issues of economic and social significance.

"So our message to the Government must be this: if you convince trade unionists that your policies are making Britain's economy stronger and making our society fairer you can count on us to help."

He attacked the Bank of England which, he said, was not the shop steward of the financiers but an agent of government which should carry out its duty in monetary affairs to re-inforce the policies which the Government and Parliament had decided.

Neither the City nor the Bank of England were repositories of wisdom. The Bank, as one critic had said, had piredicted all ten out of the last three recessions.

The £110 basic rate demand, to underpin bonus earnings averaging £21.50 a week at the coalface, illustrated the feeling of many of the delegates and union leaders that the Government risked defeat at the General Election unless it stopped laying down pay guidelines.

Although backed by instructions to consider industrial action the victorious South Wales area resolution does not necessarily mean a showdown. Mr. Joe Gormley, NUM president, said afterwards that it was negotiable like all resolutions; but it was also "much more realistic and more attainable than last year's."

At the same time the delegates voted to put a stop to talks with the coal board about longer term wage deals, indexed to the cost of living, which might avoid the annual collision at the bargaining table. This was seen by the Left as an important tactical victory.

A Yorkshire attempt to put miners on salaries of up to £6,500 a year was, as expected, unsuccessful, as was a new demand for £135 a week. Delegates also decided to seek, against the platform's advice, a 30-hour week for underground workers.

The highlight of the day was almost not wages at all but a voting mistake by the big Nottinghamshire area that nearly put Mr. Mick McGahey, NUM vice-president and chairman of the Communist Party, on to next year's TUC general council in place of Mr. Lawrence Daly, the general secretary.

Wrong name

Mr. Joe Whelan, Nottinghamshire area secretary and himself a Communist, had put his cross against the wrong name. When the mistake emerged Mr. McGahey gallantly withdrew. If he had not, Mr. Gormley said, he would have had to rule that the vote must stay.

In a private rules revision session, the Left failed, as it had expected, to effect a crucial rule change that would have swung the balance of power of the national executive in its favour by introducing card voting.

But the executive only narrowly won its case for an increase in subscriptions of 13½p a week to deal with the union's cash problems.

Yorkshire led the protest and mustered 87,000 votes, only a few thousand short of the number needed to block the increases.

Proposals for voluntary early retirement of officials were carried.

Strikes threaten Chrysler UK expansion plan

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

INDUSTRIAL DISPUTES which have brought all Chrysler UK car assembly to a standstill threaten ambitious expansion plans spelled out in a planning agreement submitted to the Government this week.

The planning agreement—officially endorsed by trade unions, management and Department of Industry officials—envisages a higher UK market share for Chrysler cars, increased investment and more jobs.

Forecasts reported within the company set a profit target for the current year of £2m, rising to more than £10m next year. Nearly 3,000 new jobs, mostly in the Coventry area, should be created over the next three years.

Such optimistic projections could be overturned quickly by are certainly the most extensive the industrial disputes, which since the Government resuce negotiated in 1975.

Mr. Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers, will today make a personal appeal for a return to work by 350 toolmakers at Coventry. They are on strike for improved differentials.

Their action has already halted the Ryton assembly plant and laid off 1,400 workers. The Stoke engine factory has also been disrupted and many of the 4,000 workers will soon be made idle.

At Lynwood, Scotland, a strike by 550 painters stopped production of the Avenger and Sunbeam models nearly a week ago and made 5,000 idle.

Senior union officials are aware that their concern at the situation developing at Chrysler is shared by Mr. Eric Varley, the Industry Secretary.

There can be little doubt that the present strikes have thrust the company back into the red after a profitable first quarter. The target of a £2m profit for this year will be that much more difficult.

The draft planning agreement states quite firmly that in the period 1978-1890, the company will operate spending higher than envisaged in the original Government rescue.

Internal estimates suggest that capital spending between 1978 and 1980 will be up from about £75m to nearly £100m.

Nearly £15m of that sum will be spent this year and next at the Coventry plants in preparation for the assembly of a new medium-range car at Ryton in 1979. It will be a four-door saloon version of the present successful Alpine hatch-back.

A second shift is likely to be introduced at Ryton next year which should create several hundred new jobs. But the real build-up in he Midlands labour force will come in 1980 when the number of workers are expected to rise to nearly 10,000, compared with the present 7,000.

Drain on reserves cut to $49m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DRAIN on Britain's official reserves caused by intervention to keep the pound stable slackened to a trickle last month.

The Treasury announced yesterday that the UK's reserves fell by $119m during June to $16.54bn.

After adjusting for the repayment of official debt and new borrowing, the underlying decline last month was $49m. This compares with a fall of $728m in May and a total outflow of $3.12bn in the three months to the beginning of June.

The outflow was concentrated at the beginning of the month, ahead of the Government's credit squeeze package, and was partially offset by inflows in the last 10 days in response to the dollar's renewed weakness.

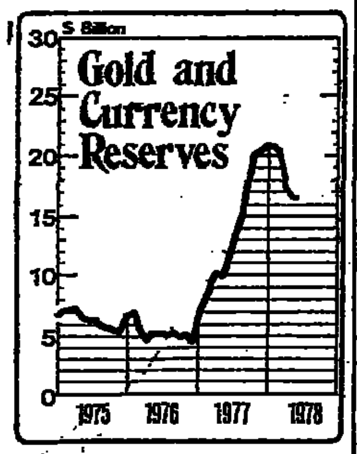
But the movements either way were relatively small and sterling rose during the period by nearly 3½ cents.

The slackening in the rate of outflow in the last couple of months supports earlier official hopes that the sharp drop in sterling and in the reserves in the spring would be short-lived, representing the withdrawal of part of the very large speculative inflows attracted last autumn when the pound was being held down.

The aim has been to preserve stability in the short-term and many City analysts believe that last month's monetary measures should help to sustain sterling for the time being.

The reserves total has dropped by $4.01bn since the beginning of the year, of which $2.69bn is explained by changes in underlying flows and the balance by net repayment of official debt.

In June, the UK repaid a total of $174m, and borrowed $104m. There are likely to be further



repayments of at least $190m this month but the prepayment of a further $1bn to the International Monetary Fund is likely to come later in the year.

Burden

The aim has been to spread the burden of debt repayment away from the peak years of the early 1980s. So far this year the early repayment of $2bn due to the IMF and of $1.44bn raised by various public sector bodies has been announced.

In addition, loans totalling nearly $1bn mature this year, so that a total of almost $4½bn will be repaid out of $25bn due by the end of the 1980s.

In order to spread the maturities, new borrowing has been arranged this year totalling $769m, including the New York bond issue.

In addition, the Government has virtually renegotiated the terms of its $1.5bn syndicated Euromarket loan raised last year to extend the average maturity by four years into the late 1980s.

THE LEX COLUMN

British Steel to lose £400m more

After its record-breaking loss of £443m in 1977-78, the question now is how British Steel will fare in the current year. The prospects are undoubtedly gloomy, but Sir Charles Villiers finds the uncertainties so great that he is not venturing beyond a forecast that the Corporation will lose about £175m in the six months to September.

However, yesterday's annual report reveals that BSC's estimated finance requirements for 1978-79 have been agreed with the *Secretary of State for Industry* at £875m, putting the Corporation very close to its statutory borrowing limit of £4bn. Allowing for capital expenditure running at an annual rate of £500m for the next two years (as well as depreciation at the same level as last year) it looks as though British Steel could be heading for total losses this year running as high at £1bn. Internal sources put the projected loss at about £400m.

British Steel is taking no chances, however. And is further increasing its borrowing limit to £4.75bn. But it is slightly more optimistic about 1979-80 when it hopes that losses will be down substantially on the current year's figure. The target remains break-even trading by March 1980.

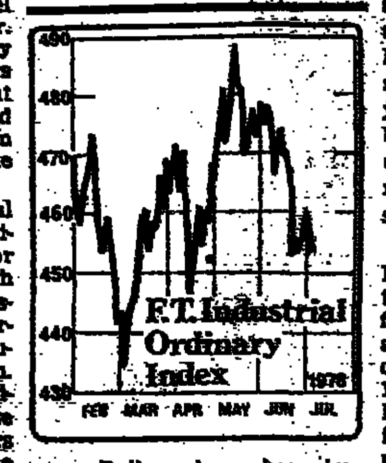
By then it seems likely that the Corporation will have gone through its planned capital reconstruction, and changed its accounting policy in relation to fixed assets. Losses for 1977-78 would have been £12m more but for a decision to lengthen asset lives from 15 to 25 years. But BSC also admits that some of these fixed assets (book value £2.9bn) may have to be revalued—downwards—in line with their potential earning power.

Hong Kong

Since the excitement on Wall Street blew over a month or so ago Hong Kong has emerged as the world's hottest stock market. The Hang Seng Index has risen by nearly a fifth since the beginning of June, the kind of performance that sets fund managers everywhere quivering.

Fairly sizeable buying has been reported from the UK—in contrast to the first quarter of the year, when London was probably a net seller—while Continental and U.S. buyers have also been seen. So far, however, the main impetus has come from local investors, who have been trading in a very big

Index fell 5.0 to 453.1



way. Daily volume has risen around tenfold this year.

The upturn follows a very weak trend in share prices during the latter part of 1977, which was to do with wobbling trade balances and alarm about the EEC textile negotiations. But the domestic economy performed strongly through last year, with a rise of nearly 12 per cent in the real gross domestic product and inflation of under 6 per cent, and the financial system is awash with liquidity. Property prices have recovered back to the levels of 1973 and higher, while the action in the gold market—an alternative home for the traders—has cooled off noticeably.

Economic growth of nearly a tenth is expected for the current year, when corporate profits could be up by 15 per cent or more. And an added ingrediently heavily emphasised by the bulls is the improving political relationship with mainland China. Reports of Chinese investment in property have played an important part in building a confident business climate.

With prospective p/e's of around 12 to 15 and yields of 4 or 5 per cent, the current run could well be extended further. However the shadow overhanging the market place is the uncertain outlook for international trade, since Hong Kong is one of the most externally exposed economies in the world. Recent forecasts suggest a modest upturn in total world trade next year, but Hong Kong has to focus its attention on the U.S., West Germany and the UK, which together take about half of its exports.

Interest rates

This time last year the Japanese yen had just brok[en] through the 270 yen/dollar [level] and virtually ever since the foreign exchange mark[ets] have been in a state of near c[on]stant turmoil. Yesterday, [the] yen came within a whisker [of] breaking through the 200 ye[n/]dollar level, and the U.S. c[ur]rency came under severe p[res]sure here in Europe.

Once again it was the Sw[iss] Franc, in particular, which b[ore] the brunt of the speculat[ive] flows; it closed at a new p[eak] against the dollar of SwF 1.7[...] compared with SwF 2.4625 [...] 12 months ago. As yet there [is] little sign that the dollar is [in] for anything more than a te[ch]nical respite. U.S. prime r[ates] have been raised from 6¾ [per] cent to 9 per cent, which sho[uld] help, but until there is a visi[ble] sign of a real improvement [in] the U.S. current account defi[cit] it is difficult to be optimi[stic] about the dollar's fortunes.

Sterling has also been bene[fit]ing (superficially at least) fr[om] the weakness of the dollar. T[he] pound closed last night at [its] highest level for three mont[hs] although on a trade weigh[ted] basis the performance has [not] been so impressive. Against t[his] background the recent weakn[ess] in the gilt-edged market [is] slightly puzzling especia[lly] since yesterday's reserve figu[res] demonstrated that the outfl[ow] from sterling had slowed to [a] trickle. Short dated gilts we[re] £¼ lower last night and the lo[ng] tap, Exchequer 12 per ce[nt] 2013-17, is languishing well ov[er] a point below its issue pri[ce]. The medium tap is nearly £[...] too dear.

The stock explanation is th[at] the gilt-edged market is sti[ll] suffering from acute indigestio[n] following the orgy of gilt s[...] immediately after last mon[th's] package. Once MLR had be[en] hoisted to 10 per cent it w[as] generally expected that rat[es] would be allowed to move do[wn] and Government Ministers we[re] hinting as much.

But this has failed to happ[en] and now that the euphoria h[as] died down the yield curve [is] looking more normal althou[gh] the gap between short a[nd] long rates is still historica[lly] narrow. The betting is th[at] short term rates will dip low[er] at some stage but with U[.S.] interest rates still rising [the] scope for the sort of capi[tal] gains which characterised t[he] gilt edged market last Autu[mn] has disappeared.

White Paper on pay expected this month

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is believed to be planning to produce a White Paper on the next stage of pay policy during the last week of this month, after Ministerial meetings with leaders of both sides of industry.

Mr. Denis Healey, Chancellor of the Exchequer, had talks last night with leading industrialists at the London headquarters of the Confederation of British Industry.

Government hopes for earnings increases in single figures—spelt out last Friday by the Prime Minister—were discussed.

The confederation also explained its ideas for reforming longer-term pay procedures, possibly by a Parliamentary Select Committee on the economy.

The White Paper is not expected to appear until late this month because of ministerial commitments, including two international economic meetings.

It is expected to cover the 12-month rule on the spacing of pay settlements, pay differentials and productivity bargaining.

Confederation leaders urged last night that the White Paper should not include acceptance of union demands for a shorter working week.

They also urged that the present system of Government sanctions against employers who exceed pay limits should be dropped, especially if the White Paper allows for so much flexibility in pay bargaining that it would be difficult, if not impossible, to interpret precisely the value of pay deals.

But there is no sign that Ministers will be prepared to abandon the sanctions system.

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Bonn summit

the June ministerial talks at the OECD with the renewed trade pledge against introducing further protectionist measures will prove sufficient without further action. Both West Germany and the U.S. are especially concerned about growing protectionism.

Moves are also expected to be agreed at Bonn to boost energy investment in non-oil developing countries because of the fears of an oil shortage in the mid-1980s.

Philip Rawstorne writes from Luxembourg: Herr Genscher told the European Parliament that his Government aims to secure a common strategy for reviving economic growth and cutting unemployment throughout the EEC.

The EEC's low rate of growth and declining competitiveness made joint action vital, he said.

In a speech marking the opening of the West German presidency of the EEC Council, he said: "We require a concerted growth and stability policy. We need a monetary policy which will restore greater exchange rate stability both within the Community and worldwide."

The council would discuss the next stage in the economic programme that would reopen the way to economic and monetary union (EMU). "We must make further efforts to complete the transition from customs union to common market."

Herr Genscher said that the EEC had to come to grips with its own structural changes if it were to stem and reverse the tide of protectionism in the GATT negotiations. "Protectionism is no answer to the problem of unemployment."

His hopes for the Bremen and Bonn summits were greeted with some scepticism by European MPs.

Mr. Geoffrey Rippon, the British Conservative leader, warned that if nothing positive were achieved at Bremen, the EEC would suffer major damage.

"Another failure of the Heads of State or of Governments to measure up to the needs of the hour will be regarded as an abject betrayal of the peoples of Europe," Mr. Rippon said.

Continued from Page 1

Boyle

bench Labour MPs yesterday that the rises were essential to prevent a crisis of morale in nationalised industry management and to enable executives of sufficient calibre to be recruited.

Much of the trouble, he admitted, stemmed from the failure of the previous Wilson Administration to accept proposed increases in 1974-75. As a result, the Government had got itself into "a proper tangle" on the question, as successive *rounds of wage restraint* followed.

The rises would not bring pay levels for such people back to those of 1972. Since then, Mr. Callaghan observed, average earnings had risen by 152 per cent while salaries of nationalised industry chairmen had increased by only 1 per cent a year.

Drawing confidence from the very muted reaction of union leaders to the Boyle recommendations, he declared that the awards would not jeopardise the current talks on wage restraint.

That consideration had been uppermost in Ministers minds. "But if we settle like this now for a very small group of 2,500 people, then I can't believe that 20m people will try to run away *with their pay claims.*"

The most outspoken attack came from Mr. Dennis Skinner, MP for Bolsover. "Until the adoption of these proposals," he said, "I was feeling in my bones that we could win the election. Now we're throwing it away."

John Elliott writes: The Prime Minister's announcement was generally welcomed last night by nationalised chairmen and board members and by the other groups concerned.

Mr. Denis Dodds, chairman of the Association of Members of State Industry Boards, said it would "defuse much of the anger which was generated by fear of the Boyle recommendations' being rejected."

A delegation of civil service union leaders met Lord Peart, the Lord Privy Seal, yesterday to discuss the rises and Mr. Bill Kendall, secretary general of the National Whitley Council staff side, later said he applauded the Prime Minister's "courage" in implementing the report.

Weather

UK TODAY

CLOUDY, showers, sunny intervals; cool.

London, E., S.E. England, E. Anglia

Cloudy, rain. Max. 13C (55F).

Central S., Central N. England, Midlands

N.E. England, Borders, Central Scotland

Cloudy, rain, bright intervals later. Max. 13C (55F).

Highlands, N.E. Scotland

Cloudy, brighter later, showers. Max. 15C (59F).

N. Wales, N.W. England, Lakes, Isle of Man, W. Scotland, N. Ireland

Bright intervals, showers. Max. 17C (63F).

Outlook: Sunny intervals, showers.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	C	13	55	Luxembrg.	F	12	54
Athens	S	31	88	Madrid	S	29	84
Bahrain	C	35	95	Manchstr.	R	13	55
Barcelona	R	21	70	Melbourne	R	11	52
Beirut	S	34	93	Milan	R	20	68
Belfast	R	11	52	Montreal	S	23	73
Belgrade	S	28	82	Moscow	C	21	70
Berlin	C	20	68	Munich	R	14	57
Birmghm.	C	14	57	Newcastle	R	12	54
Bristol	C	15	59	New York	R	15	59
Brussels	C	13	55	Oslo	C	13	55
Budapest	F	26	79	Paris	C	15	59
B. Aires	C	16	60	Perth	C	14	57
Cairo	S	36	86	Prague	R	15	59
Cardiff	C	13	55	Reykjavik	S	13	55
Chicago	S	21	70	Rio de J'o	S	28	80
Cologne	C	14	57	Rome	F	25	77
Copnhagn.	S	18	64	Singapore	C	30	86
Dublin	R	12	54	Stockholm	R	15	59
Edinburgh	R	12	54	Strasbrg.	C	18	64
Frankfurt	F	17	63	Sydney	S	14	57
Geneva	C	15	59	Tehran	S	28	82
Glasgow	R	14	57	Tel Aviv	S	29	84
Helsinki	R	16	61	Tokyo	C	31	88
H. Kong	S	36	87	Toronto	S	19	67
Jo'burg	S	19	66	Vienna	S	27	81
Lisbon	S	21	70	Warsaw	F	24	73
London	F	15	59	Zurich	C	14	57

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	23	73	Istanbul	S	30	86
Algiers	S	31	88	Jersey	C	12	54
Biarritz	C	17	63	Las Plms.	S	27	81
Blackpool	R	13	55	Locarno	Th	16	61
Bordeaux	C	17	63	Luxor	S	42	108
Boulogne	C	14	57	Majorca	S	25	77
Casblnca.	S	24	75	Malaga	S	28	82
Cape Tn.	S	21	70	Malta	S	29	84
Corfu	S	27	81	Nairobi	S	21	70
Dubrovnik	S	25	77	Naples	F	24	75
Faro	S	31	88	Nice	C	20	68
Florence	F	25	77	Oporto	S	19	66
Funchal	S	22	72	Rhodes	S	31	88
Gibraltar	S	21	70	Salzburg	R	16	61
Guernsey	C	12	54	Tangier	S	30	86
Innsbruck	R	18	64	Tunis	S	35	95
Inverness	C	11	52	Valencia	S	26	79
Is. of Man	R	11	52	Venice	F	25	77

S—Sunny. C—Cloudy. F—Fair. R—Rain. Th—Thunder.

British Shipbuilders has £45m loss limit

BY PAUL TAYLOR

THE GOVERNMENT has told British Shipbuilders that it must limit its losses to £45m in the current financial year.

This target for the year to March 31 is before interest payments and after subsidies to the State-owned group under the Shipbuilding Intervention Fund, used to aid UK shipbuilders' *international competitiveness.*

Mr. Eric Varley, Industry Secretary, announced details of the Government targets in the Commons yesterday in accordance with Nationalisation Act requirements.

In a written answer he said he had told British Shipbuilders that it must "make progress" towards providing an adequate return on capital and had asked the corporation to conduct an "urgent study" of ways to cut the loss rate.

The target had been set after consultations with British Shipbuilders.

Even if the corporation and its subsidiaries met the target, the actual cost to the taxpayer could be much higher than £45m because of payments from the intervention fund.

Last year, £65m was set aside under the fund. British Shipbuilders had been offered £52m of this, of which £19.3m had been paid by March 31 this year.

The target assumed that this subsidy would continue to exist in some form.

The EEC was resisting a UK application for a £80m successor to the current fund and this problem had yet to be resolved.

The Government figure was based on latest loss forecasts by British Shipbuilders because of the problem of standardising accounting *procedures throughout* the corporation and its subsidiaries, detailed results for last year were not expected until the autumn.

Internal, unaudited figures considered at a recent corporation Board meeting were thought to have shown that, in the first nine months of its existence, British Shipbuilders cost the taxpayer about £100m. This included intervention fund assistance.

The actual loss for the nine months to March 31 this year was believed to total more than £45m.

The Government was therefore telling British Shipbuilders that it could not be allowed to increase the loss rate.

If approved by the EEC, the extra £15m under the new fund would cover the extra £15m "loss" which might be expected in a full year.

Mr. Varley said that longer-term targets would be set in the light of the decisions on this study and the corporate plan due later this year.

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